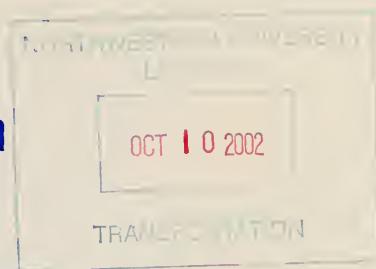




# 2003 Operating and Capital Program

## 2003–2005 Financial Plan for Operations, and

### 2003–2007 Capital Plan



**A Fresh  
Approach  
To Public  
Transportation**

**Proposed October 2002**

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# PACE

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# Pace Proposed 2003 Budget—October, 2002

## Chairman's Message

Dear Stakeholders:

Throughout the region, the impact of our nation's struggling economy, higher unemployment and dwindling resources can be felt, and Pace is no exception. Although this proposed 2003 budget document is consistent with the funding level identified in the current three year budget and capital plan adopted by the RTA last December, it requires service cuts and does not allow for fixed-route service expansion. This budget does, however, illustrate Pace's adaptation to insufficient funding levels from the RTA that fail to meet the growing suburban needs.

The 2003 operating budget, proposed at \$137.3 million, again calls for Pace to achieve a 40% farebox recovery rate, meaning 40% of the cost of operations must come from riders' fares and other operating revenue sources. Although Pace has, and continues to, successfully meet this recovery rate, the RTA's disproportionate increase of Pace's recovery rate has resulted in two fare increases in as many years and more than \$3 million in service cuts, leading to a significant loss in ridership.

There is no fare increase planned for 2003. However, the \$1.65 million in service cuts needed to balance the 2003 budget are a result of reallocating funding from less productive to sustain more productive services. A list of proposed service reductions is provided in this budget document. On a positive note, the level of transit service proposed in the 2003 budget, as measured in revenue bus miles of service, will grow by 3.9% as a result of expansion in ADA and paratransit services.

On the capital side, Pace plans to purchase 92 fixed route replacement buses, 44 paratransit replacement vehicles, 140 vanpool replacement vehicles and 50 new vanpool vehicles for the expansion of the municipal vanpool program. The \$62.8 million capital budget also identifies purchases for phase three of the Intelligent Bus System (IBS) program, facility upgrades, and phase one funding for the replacement of the radio and farebox systems.

Despite this tight budget, we hope to continue the important work we began this year when we unveiled our most ambitious undertaking, the plan for our future, Vision 2020. Through Vision 2020 meetings and presentations, the task of designing a true suburban transit network has begun. We must keep in mind that this vision demands that we rethink how transportation is provided and funded in our region. Specifically in 2003, we are examining service reorganization in three areas: Elgin, the South Halsted Avenue corridor and Northeast Lake County. The IBS program is scheduled for completion in January of 2004. This system provides automated stop announcements, computerized on-time performance monitoring and real-time bus location monitoring.

This proposed 2003 budget is only the start of a long arduous process. Pace continues to seek funding that not only maintains existing services, but builds a system that truly meets the needs of our communities and constituents. We look forward to your support as we implement the 2003 budget, and move forward in our quest to meet the goals we have identified.

Sincerely,



John Case  
Chairman

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# Introduction

## Operating Program and Budget

The 2003 operating and capital program and budget contained in this document is summarized as follows:

The 2003 operating expense totals \$137.3 million. This cost will be covered by \$54.1 million in operating revenue, \$82.7 million in RTA operating subsidies and \$8.2 million in federal funds. Again in 2003, Pace will attempt to pursue a federal Capital Cost of Contracting grant which provides funding for the capital cost of private service contracts. Application for this grant remains the subject of litigation between Pace and the RTA. In the event the legal issue is resolved in Pace's favor, the Agency will apply for this grant. The benefit of receiving this grant would provide a new funding source to support Pace's operating budget. This money could also help avoid \$1.65 million in service reductions that have been included in balancing Pace's 2003 budget.

**O**n September 5th, RTA set a funding level of \$83.2 million and a 40% recovery ratio for Pace. For 2003, Pace will make every effort to continue to improve revenue performance while maintaining tight control of all expenditures in order to achieve the RTA funding and recovery requirements. However, despite all of these efforts, Pace will continue to rely on the farebox recovery rate credit

in order to meet the 40% recovery requirement. The RTA's allowance of using local funding for labor costs associated with the ADvAntage program when computing the recovery ratio has allowed Pace to achieve the 40% recovery requirement.

The 2003 budget is consistent with the funding levels that were established for FY 2003 in last year's plan. Pace had to trim \$2.6 million in proposed expenditures and will have to implement \$1.65 million in service reductions called for in the original plan in order to balance the budget within the RTA funding guidelines. The only way to avoid these service reductions would be through increased funding. Pace will continue to pursue new funding through the federal Capital Cost of Contracting grant.

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**T**he good news is that there is no general fare increase proposed for 2003. Further details of the operating program are provided throughout this document. A list of proposed service reductions is included in Appendix G.

**Table 1. 2003 Operating Budget Summary (000's)**

	2003 Budget
Total Operating Expense	\$ 137,289
Less: System Generated Revenue	54,128
Funding Requirement	\$ 83,161
Less: RTA Funding for Operations	82,747
Federal CMAQ/JARC Funding	414
Federal Capital Cost of Contracting Funding	7,760
Net Funding Available	\$ 7,760
System Recovery Ratio	40.0%

## **Capital Program and Budget**

The 2003 capital program totals \$62.8 million for the existing Pace system. The Regional Transportation Authority (RTA), the Federal Transit Administration (FTA), and the Illinois Department of Transportation (IDOT) are expected to provide \$59.3 million while Pace will commit \$3.5 million from its own funds.

The 2003 program also includes \$9.7 million for Capital Cost of Contracting to support Pace's private contract services.

Lastly, \$1.6 million is programmed for Contingencies and Project Administration.

**Table 2. 2003 Capital Program (000's)**

	<b>Amount</b>
Rolling Stock and Related Systems	\$ 41,601
Electrical/Signal/Communications	3,108
Support Facilities and Equipment	6,549
Stations and Passenger Facilities	285
Miscellaneous	9,700
Contingencies/Project Administration	1,596
<b>Grand Total</b>	<b>\$ 62,839</b>

**T**he program contains \$41.6 million for 92 fixed route replacement buses, 44 paratransit replacement buses, 190 vanpool vehicles, associated capital, bus overhaul/maintenance expense, and 81 wheelchair securement devices.

Electrical, signal, communications funds totaling \$3.1 million are included in the 2003 program for completion funding of Pace's Intelligent Bus System (IBS) and Phase I for a Radio and Farebox System replacement project.

Support Facilities and Equipment totaling \$6.5 million are included in the 2003 program. Projects include improvements to garages, computers and computer systems, office and maintenance equipment and non-revenue vehicles.

Stations and Passenger Facilities total \$.3 million for the installation of 70 Bike Rack Ad Frames for Pace's fixed route buses as well as the purchase of 500 transit signage tubes, and bus stop signs and poles.

## Budget Issues

The RTA has established operating funding levels for Pace for 2003 through 2005. The 2003 level is consistent with the existing three year plan level of \$82.747 million in RTA funding. This is the funding level requested by Pace in its preliminary 2003 budget submittal to RTA.

Pace has made every effort to adhere to the existing plan despite cost pressures, particularly from health care and liability insurance premiums. The existing plan for 2003 required Pace to trim \$1.650 million in services in order to balance the budget. This reduction is therefore necessary to adhere to the plan. On the positive side, Pace actually expanded fixed route services in 2001 and 2002, relying on a Job Access/Reverse Commute (JARC) grant to do so. A large portion of the grant expires in 2002 which results in the need for these service adjustments to bring service levels back in line with available funding.

A comprehensive list of services proposed for reduction is contained in Appendix G of this document. These services generally fall below Pace's minimum standards for productivity, recovery ratio and subsidy per trip. Utilization of our limited resources is better spent on higher productivity service elements such as those implemented under the JARC grant program.

**T**he RTA has been able to maintain funding levels at the 2003 plan level by relying on the use of reserve funds. Regional sales tax and Public Transportation Funds (PTF) estimates provided by the Illinois Bureau of the Budget (BOB) project a shortfall of \$9.2 million from RTA's current plan level. RTA's own estimates are more pessimistic and project the shortfall at \$28.2 million. RTA plans to fund their projected shortfall level by freeing up \$29.5 million in funds held over from the defunct Personal Rapid Transit project (PRT).

The RTA is advising Pace and the other Service Boards that they will not continue to rely on reserves in future years (2004 and 2005) and projects sharply reduced funding levels for Pace in those years. For 2004,

RTA's funding projection for Pace is \$10.5 million short of Pace's funding need. While these numbers are preliminary and will likely change, RTA is positioning 2003 as the year for the Service Boards to prepare for the lower funding levels looming for 2004.

**T**o address this shortfall, Pace is pursuing a federal Capital Cost of Contracting (CCC) grant to fund a portion of its private sector contract budget. Based on Pace's private sector service program and FTA's allowances under the revised regulations for Capital Cost of Contracting funding, Pace would be eligible for \$7.760 million in funding from this source. This funding source could be used to close the majority of the 2004 funding gap, thereby minimizing the negative impact associated with service reductions.

The RTA has blocked Pace's access to the federal funds which support private sector services and as a result, Pace has filed a lawsuit against RTA which it hopes will provide relief from the RTA's unwarranted position. Should Pace not prevail in its effort to secure Capital Cost of Contracting funds, the result will be damaging cutbacks in service levels and potentially further fare increases in 2004.

This budget and financial plan for 2003 through 2005 are based on the assumption that Pace will receive the federal Capital Cost of Contracting grant.

## Ridership

The following table identifies projected ridership changes by operating element for years 2001 through 2005.

**Table 3. Pace 2003-2005 Ridership Projections**

(000's)	2001 Actual	2002 Estimated	% Change	2003 Projected	% Change	2004 Projected	% Change	2005 Projected	% Change
Pace Owned Carriers	30,990	28,781	-7.1%	28,781	0.0%	29,213	1.5%	29,651	1.5%
CMAQ Service	108	90	-16.7%	90	0.0%	91	1.5%	93	1.5%
Public Carriers	866	856	-1.2%	860	0.5%	873	1.5%	886	1.5%
Private Carriers	2,175	2,008	-7.7%	2,008	0.0%	2,038	1.5%	2,069	1.5%
Total Fixed Route	34,139	31,735	-7.0%	31,739	0.0%	32,215	1.5%	32,698	1.5%
Dial-a-Ride	1,094	1,058	-3.3%	1,151	8.8%	1,168	1.5%	1,186	1.5%
ADA/Paratransit	393	372	-5.3%	379	1.9%	385	1.5%	390	1.5%
Vanpool	1,106	1,238	11.9%	1,449	17.0%	1,660	14.6%	1,871	12.7%
Downers Grove	119	121	1.7%	121	0.0%	123	1.5%	125	1.5%
Schaumburg	65	74	13.8%	74	0.0%	75	1.5%	76	1.5%
Municipal Vanpool	0	27	100.0%	33	22.2%	39	18.2%	44	12.8%
Grand Total	36,916	34,625	-6.2%	34,946	0.9%	35,665	2.1%	36,390	2.0%

Pace ridership is expected to decline 6.2% in 2002, down 2,291,000 trips below 2001 levels. Consecutive year fare increases (2000 and 2001), service/expense reductions required to meet the 40% recovery requirement and a faltering economy are attributed to the estimated loss in current year ridership. Vanpool ridership is estimated to finish up in 2002, due to continued expansion of the program. However, this growth will be insufficient to offset the current estimated decline in fixed route, Dial-a-Ride and ADA/Paratransit riders.

**R**idership is projected to grow a modest 0.9% or 321,000 riders in 2003. Fixed route ridership is projected to remain constant at 2002 levels next year. The modest growth will come from continued expansion of the

Vanpool program – contributing 211,000 additional riders. The Dial-a-Ride program will contribute an additional 93,000 riders as Pace provides the Pioneer Center service in McHenry County in 2003.

Further ridership growth is projected at annual rates of 2.1% and 2.0% for outlying years 2004 and 2005, respectively. The increase assumes a 1.5% annual increase to the base for fixed route, dial-a-ride and ADA paratransit ridership. Continued expansion of the vanpool program is anticipated through the year 2005, with ridership growing 211,000 annually in 2004 and 2005.

## Recovery Ratio

The recovery ratio is defined as being the ratio of operating income to operating expense. Operating income includes fares, local share contributions, interest and advertising revenues and the State half-fare subsidy.

Subsidies provided through the RTA, and the proceeds of borrowing cannot be considered as operating income. Operating expenses include all properly classified operating costs but exclude depreciation, debt service and capital expenditures.

Throughout the 1990's Pace's recovery ratio averaged 36.8% and was very stable at that level (Reference Chart A).

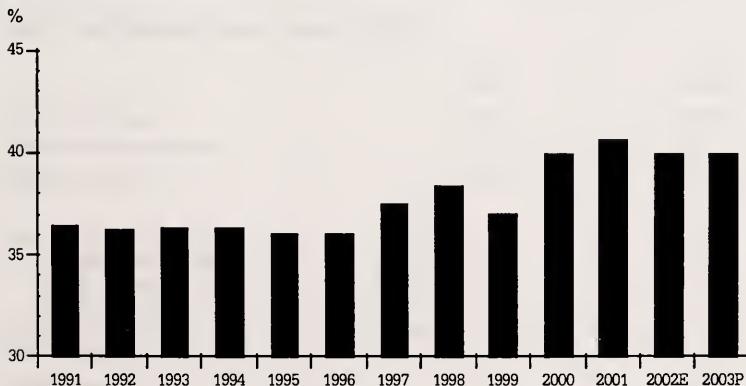
In 2000, the RTA increased Pace's recovery rate to 40%, significantly higher than its historical performance. The increased ratio was met in 2000 primarily as the result of a one-time insurance transaction which netted Pace \$1.9 million in income. This transaction, combined with a fare increase, reductions in services and staffing levels, and a provision by the RTA to include the labor costs incurred by participants in the ADvAntage program as a local share revenue essentially brought Pace to the 40% level.

For 2001, the RTA maintained the 40% requirement for Pace, which was achieved largely by a second fare increase, service reductions, and a reduction in staffing.

The 40% 2002 recovery mark set by the RTA will be reached, largely by the use of the ADvAntage credit allowed by RTA as the benefits of the two prior fare increases, and service and staff reductions will no longer support achievement of the 40% recovery requirement. Pace will use a \$125,000 ADvAntage credit in computing the recovery ratio for 2002.

Again, the RTA has set Pace's recovery mark at 40% for 2003. Revenues are projected to grow 3.2% while expenses will grow at a greater rate—4.5%. Pace will need to use \$1.320 million in ADvAntage credits in order to achieve the 40% recovery rate.

**Chart A. Recovery Ratio**



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# 2003 Operating Budget

## Summary

The RTA Board of Directors on September 5, 2002 established Pace's 2003 funding level at \$83,161,000 for operations and a farebox recovery ratio of 40.0%. While the RTA funding mark is consistent with original 2003 funding levels established in last year's plan and the budget contained within this document is balanced within this guideline, the 2003 funding mark still leaves Pace with several challenges to address.

**F**irst, the proposed budget already reflects \$2.6 million in cost trimming efforts. Volatile items like health care costs and allowances for insurance premiums have already been reduced in order to keep total expense growth within original plan levels. Second, service reductions totaling \$1.65 million that were included in last year's plan for 2003 need to be implemented in order to bring this plan to within authorized funding levels. The containment of costs, the implementation of service reductions, and the management of volatile expenditures will continue to remain a challenge to Pace in 2003.

In an effort to continue to meet the 40% recovery requirement, Pace will utilize the provision granted by the RTA whereby costs incurred by the ADvAntage contractors are factored into calculating the recovery

ratio. For 2003, Pace will apply \$1.3 million in order to achieve the 40% requirement.

The good news is that there is no general fare increase proposed for 2003. The unpopular news is the need to implement service reductions. The only way for Pace to avoid these reductions would be through an increase in funding beyond the levels provided by the RTA. The only option to increase funding is if Pace were successful in receiving a federal Capital Cost of Contracting grant which is currently the subject of litigation between Pace and the RTA. Pace is eligible under federal rules to receive \$7.8 million in funding and, if allowed to apply, could use this money to fund operations, including avoiding the need to implement service reductions in 2003. The Capital Cost of Contracting grant has been reserved in the 2003 capital program, and Pace will apply for this grant in the event that the legal issue is resolved in Pace's favor.

**I**n summary, Pace will make every effort to continue to improve revenues and maintain tight control of all expenditures in order to achieve RTA funding and recovery requirements for 2003.

A detailed review of the 2003 operating program is provided in this section and a list of proposed service reductions are included in Appendix G of this document.

**Table 4. 2003 Operating Budget Summary (000's)**

	2001 Actual	2002 Estimate	2003 Budget
Total Operating Expense	\$ 127,176	\$ 131,326	\$ 137,289
Less: System-Generated Revenue	51,773	52,449	54,128
<b>Funding Requirement</b>	<b>\$ 75,403</b>	<b>\$ 78,877</b>	<b>\$ 83,161</b>
Less: RTA Funding for Operations	\$ 75,002	\$ 79,052	\$ 82,747
Congestion Mitigation (CMAQ)	123	118	122
Job Access (JARC)	303	662	292
Capital Cost of Contracting	0	0	7,760
<b>Net Funding Available</b>	<b>\$ 25</b>	<b>\$ 955</b>	<b>\$ 7,760</b>
System Recovery	40.71%	39.94%	39.43%
System Recovery with ADvAntage Contribution	40.71%	40.00%	40.00%
Contribution	\$ 0	\$ 125	\$ 1,320

## Source of Funds

Pace relies on two primary sources to fund operations—public funds and operating revenues. Public funds come from two major sources—the RTA provides sales tax and a portion of a state subsidy that comes via the public transportation fund (PTF). Pace also receives public funds directly from the federal government. Funding sources are detailed below.

### Sales Tax

Section 4.03(e) of the Amended RTA Act allows the RTA to impose a 1% sales tax in Cook County and a 1/4 percent sales tax in Will, Kane, Lake, DuPage and McHenry Counties. Section 4.01(d) of the Act specifies the distribution of sales tax receipts to the Service Boards and RTA as shown on Table 5.

Pace expects to receive \$75,889,000 in sales tax revenues in 2003. This represents approximately 10.9% of the total RTA region's estimated receipt of \$695 million which, based on Illinois Bureau of the Budget estimates, represents a 4.2% increase over estimated 2002 levels.

#### *Sales Tax Trends*

Since rebounding from the 1991 recession, sales tax receipts have grown in excess of inflation until 2001, when tragic events and a lingering down turn in the economy have impacted receipts through 2002. The RTA and the State Bureau of the Budget are forecasting a resumption in sales tax growth in 2003, and this trend is expected to continue into the outlying years. Table 6 summarizes historical and forecasted sales tax growth through 2005.

**Table 5. Allocation of Sales Tax Receipts**

	RTA	CTA	Metra	Pace
Chicago	15%	85%	—	—
Suburban Cook	15%	(30%)	55%	15% of remaining 85%)
Collar Counties	15%	(—)	70%	30% of remaining 85%)

**Table 6. Regional Sales Tax Trend (000's)**

	Amount	% of Change
1992	\$ 445,891	4.8%
1993	\$ 462,393	3.7%
1994	\$ 497,698	7.6%
1995	\$ 513,304	3.1%
1996	\$ 532,304	3.7%
1997	\$ 555,496	4.4%
1998	\$ 576,704	3.8%
1999	\$ 613,514	6.4%
2000	\$ 650,284	6.0%
2001	\$ 653,522	0.5%
2002E	\$ 667,000	2.1%
2003E	\$ 695,000	4.2%
2004E	\$ 724,074	4.2%
2005E	\$ 754,394	4.2%

### **Public Transportation Fund (PTF)**

Section 4.09 of the Amended RTA Act establishes a Public Transportation Fund in the State Treasury. The PTF is to be funded by transfers from the General Revenue Fund, and all funds in the PTF are to be allocated and paid to the RTA, provided it meets the budgeting and financial requirements as set forth in the Act. The amount transferred to the fund equals 25% of the net revenue realized from the sales tax. The RTA allocates PTF revenues to the Service Boards on the basis of need for both capital and operating purposes. For 2003, the RTA will allocate an estimated \$6,858,000 in PTF funds to Pace for operating purposes.

#### **PTF Trend**

PTF funding for the region is directly correlated to sales tax receipts and has grown similarly. However, unlike the sales tax allocation which is established by the RTA Act, PTF is allocated at the discretion of the RTA. In general, RTA has reduced PTF allocations to Pace over time as sales tax growth has covered a larger portion of the operating requirement.

### **Federal Funds**

Pace will receive federal funding under several programs in 2003.

Since 1996, Pace has benefited from the federal Congestion Mitigation/Air Quality (CMAQ) Program which awards funds to implement and maintain various new services that support program objectives. Continued funding from this source is included in 2003.

**B**eginning in 2001, Pace qualified for funds under the federal Job Access and Reverse Commute Program (JARC). This program provides funding for the provision of transportation services designed to increase access to jobs and employment-related activities. Job Access projects are those that transport welfare recipients and low-income individuals in urban, suburban, or rural areas to and from jobs and activities related to their employment. Funding via this program will continue in 2003.

In 2003, Pace will program for federal funds which are designed to support the capital costs associated with contracting with private providers. The federal government allows transit operators like Pace to utilize formula grant funds (5307) to reimburse the cost of private sector capital consumed in public transit service. Pace is eligible for \$9.7 million under this program, 80% of which (\$7.8 million) would be federally funded. The RTA has attempted to prevent Pace from accessing these funds and this matter is the subject of litigation between Pace and the RTA.

### **Operating Revenues**

Pace is budgeting for \$54,128,000 in operating revenues in 2003, an increase of \$1.7 million or 3.2% over estimated 2002 levels. The increase in operating revenue comes from several sources. Farebox revenue will account for \$0.4 million or 0.8% of the revenue growth, with added new service accounting for most of the increase, as ridership is expected to remain constant at 2002 levels. Advertising and investment income combined are projected to grow \$0.5 million or 0.9% of total revenue. Advertising revenue will grow next year under the terms of the contract and yields on investments are projected to increase for 2003. Vanpool revenue will contribute \$0.4 million or 0.8% of the growth due to continued expansion in the program. And, State reduced fare reimbursement revenue is also projected to grow and will contribute \$0.4 million or 0.7% of the remaining growth in 2003.

Pace's municipal vanpool program is a new effort that will provide \$164,000 in operating revenue in 2003. The program began in mid-year 2001 and is designed to assist or supplement the efforts of local units of government in providing public transportation. The program will have 57 vans in service for 2003.

Pace has no plans at this time to raise fixed route fares in 2003.

Further trends for operating revenues are discussed in the three year financial plan section.

## **Use of Funds**

All funds received by Pace are used to provide, expand and support suburban bus services. The components of the 2003 Operating Program are fixed route carriers (Pace-owned, public contract and private contract carriers), dial-a-ride services, ADA paratransit services, CMAQ services, JARC services, vanpool, administration, centralized support expenses which include insurance and fuel, and the continuation of service initiatives in Schaumburg and Downers Grove.

### **Pace-Owned Services**

Pace is responsible for the direct operation of nine carriers in the six county region. Together, these divisions—North, North Shore, Northwest, South, Southwest, West, Fox Valley, River, and Heritage—carry 83% of the total suburban bus ridership. Pace expects to provide \$66,476,000 for expenses to these carriers in 2003. Further information on the Pace-owned services budget can be found on page 14.

### **Public Contracted Services**

Pace will contract directly with two municipalities (Niles and Highland Park) for additional fixed route services. These services are expected to cost an estimated \$2,008,000 in 2003. Further information on the public contracted services budget can be found on page 15.

### **Private Contract Services**

Pace provides service to more than 40 communities by directly contracting with five private transit companies. Pace expects to fund a total cost of \$8,136,000 for these services in 2003. Further information on the private contract services can be found on page 16.

### **Dial-a-Ride Services**

Pace subsidizes 56 dial-a-ride service projects throughout the six county region. Generally, these services are operated by townships or local municipalities under contract with Pace. Pace provides partial funding to these services, requiring the local government to support a portion of the net service cost based upon a formula applied to the total service cost. In 2003, Pace plans to expend \$12,148,000 for these services. Further information on the dial-a-ride services budget can be found on page 17.

### **ADA Paratransit Services**

In compliance with Pace's ADA plan to serve persons with disabilities, the program continues to grow. Pace's cost for these services is expected to reach \$10,492,000 in 2003. Further information on the ADA paratransit services budget can be found on page 18.

### **CMAQ Services**

Pace will continue to maintain the program which provides federal funds for new fixed route services in accordance with the Congestion Mitigation/Air Quality (CMAQ) program. Pace will spend \$197,000 for these new services in 2003. Further information on the CMAQ services program budget can be found on page 19.

### **JARC Services**

Pace will provide \$1,282,000 in 2003 for services that were initiated under the federal Job Access Reverse Commute Program. Now that the federal funding is ending, Pace will have to absorb these costs into the base budget. Further details can be found on page 19.

### **Schaumburg Shuttle Service**

A shoppers' shuttle service was implemented in the Woodfield area in 2001. The cost of this service is estimated at \$466,000 and will continue to be funded 100% by Schaumburg in 2003. Further detail on the Schaumburg shuttle service is contained on page 19.

### **Downers Grove Commuter Shuttle**

The Village of Downers Grove operates the Grove Commuter Shuttle, feeding passengers to the Metra/Burlington Northern rail station in Downers Grove. This service will continue to be included in Pace's budget for 2003 at a cost of \$482,000. Further detail on the Downers Grove commuter shuttle is contained on page 19.

### **Vanpool**

The 2003 budget for vanpool services contains \$2,479,000. This program is targeted specifically at the short and intermediate range work-trip market where the majority of peak period travel occurs. The program has also been expanded to provide a transit alternative to individuals with disabilities who commute on a regular basis to work sites or rehabilitative workshops. The formation of vanpools has been very popular and the demand continues to grow. Pace expects further expansion of this program to 460 vans in service by the end of 2003. Pace's Vanpool program continues to maintain a very high recovery rate at 108.2%. Further information on the vanpool services budget can be found on page 20.

### **Centralized Support, Insurance and Fuel**

Pace provides a variety of direct operational support items through a centralized support program. Pace has been able to save money by buying in bulk and consolidating services. In total, Pace plans to spend \$21,383,000 to provide fuel, insurance and other support items in 2003. Further detail on the centralized support program budget is contained on page 22.

### **Administration**

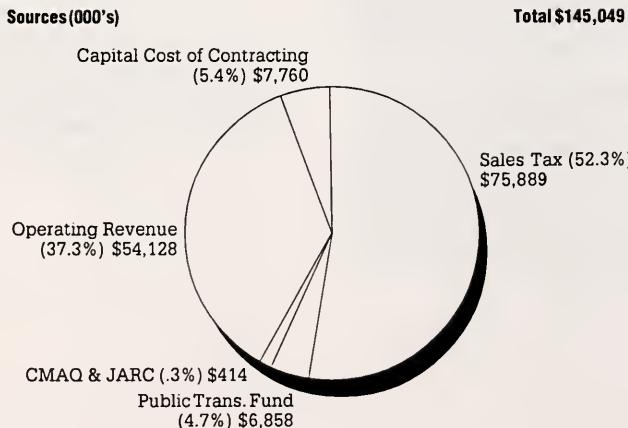
In order to accomplish the duties of direct operational support, service planning, capital planning, financial control and MIS support, Pace's 2003 administrative budget is set at \$13,390,000. Further information on the administration budget can be found on page 23.

### **Service/Expense Reductions**

Pace will implement \$1,650,000 in service reductions in order to bring the budget within proposed funding levels for 2003. A list detailing proposed service reductions can be found in Appendix G on page 64.

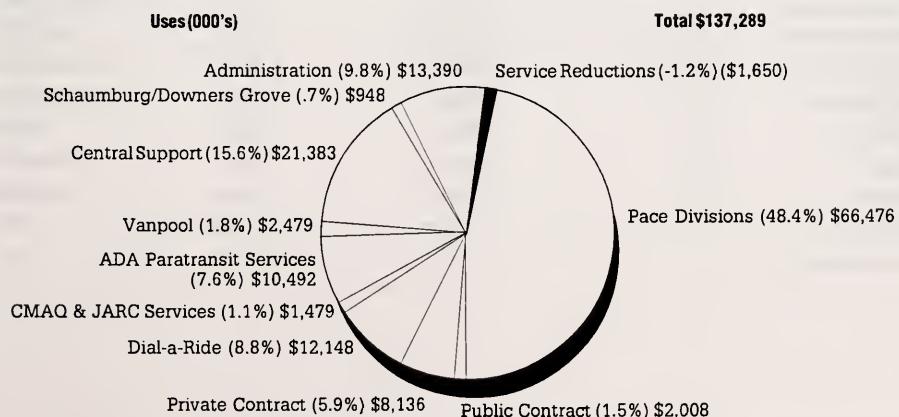
**Table 7. 2003 Revenue Summary (000's)**

	2001 Actual	2002 Estimate	2003 Budget
<b>OPERATING REVENUES</b>			
Pace-Owned Services	\$ 28,433	\$ 29,014	\$ 29,014
Public Contracted Services	802	803	816
Private Contracted Services	2,729	2,871	2,871
Dial-A-Ride Services	6,357	6,705	7,644
ADA Paratransit Services	1,116	1,201	1,241
CMAQ Services	89	75	75
JARC Services	564	946	334
Vanpool Program	2,027	2,292	2,683
Half-Fare Reimbursement	3,657	3,348	3,720
Investment/Other Revenue	1,892	1,167	1,336
Advertising Revenue	2,993	3,045	3,330
Schaumburg Service	620	442	466
Downers Grove Service	480	423	434
Municipal Vanpool	14	117	164
Total Operating Revenue	\$ 51,773	\$ 52,449	\$ 54,128
<b>PUBLIC FUNDING</b>			
Sales Tax	\$ 70,735	\$ 72,512	\$ 75,889
Public Transportation Fund	4,267	6,540	6,858
Federal JARC Services	303	662	292
Federal CMAQ Funding	123	118	122
Capital Cost of Contracting	0	0	7,760
Total Public Funding	\$ 75,428	\$ 79,832	\$ 90,921
Total Source of Funds	\$127,201	\$132,281	\$145,049

**Chart B. Sources of Funds**

**Table 8. 2003 Expense Summary (000's)**

	2001 Actual	2002 Estimate	2003 Budget
<b>EXPENSES</b>			
Pace-Owned Services	\$ 61,933	\$ 63,833	\$ 66,476
Public Contracted Services	1,919	1,949	2,008
Private Contracted Services	7,556	7,657	8,136
Dial-A-Ride Services	10,631	11,085	12,148
ADA Paratransit Services	9,419	9,664	10,492
CMAQ Services	190	193	197
JARC Services	866	1,704	1,282
Vanpool Program	2,054	2,066	2,479
Centralized Operations	8,312	10,084	10,516
Insurance	5,862	5,681	6,441
Fuel	5,209	4,256	4,426
Administration	12,070	12,242	13,390
Schaumburg Service	622	442	466
Downers Grove Service	533	470	482
Service/Expense Adjustments	0	0	(1,650)
Total Expenses	\$127,176	\$131,326	\$137,289
Net Funding Available	\$ 75,403	\$ 78,877	\$ 83,161
Recovery Rate	40.71%	39.94%	39.43%
Recovery Rate with ADvAntage Contribution	40.71%	40.00%	40.00%
Contribution	\$ 0	\$ 125	\$ 1,320
<b>FUND BALANCE</b>			
Beginning Balance	\$ 3,605	\$ 2,261	\$ 2,866
Net Funding Available	25	955	7,760
Less: Obligations/Other	1,369	350	8,427
Ending Balance	\$ 2,261	\$ 2,866	\$ 2,199

**Chart C. Uses of Funds**

## 2003 Pace-Owned Carrier Budget

Pace directly operates fixed route service from nine facilities located throughout the six county region. Pace facilities include: Pace Fox Valley in North Aurora, Pace Southwest in Bridgeview, Pace Northwest in Des Plaines, Pace River in Elgin, Pace North Shore in Evanston, Pace Heritage in Joliet, Pace South in Markham, Pace West in Melrose Park and Pace North in Waukegan. Together these facilities provide service to approximately 90% of the system's fixed route riders and account for 83% of total system ridership.

In 2003, Pace will spend \$37.5 million to provide service at these locations. This represents a 7.8% increase over estimated 2002 levels.

**S**ystem revenue is projected to remain constant at the 2002 estimate, as ridership is estimated to stabilize in 2003. The residual effect of the 2001 fare increase accounts for the continued decline in ridership in 2002.

Total operating expenses will grow 4.1% over 2002 levels. Labor and fringe benefit costs are the primary factors affecting rising costs in 2003.

Recovery performance will decline at the divisions for 2003 as expenses will grow while revenue remains constant.

The budget for Pace carriers is summarized on the table below.

Pace's efforts for 2003 include providing 28.8 million rides with a minimum recovery ratio of 43.65%.

Additional information on the Pace Operating Division budget is provided in Appendix A.

**Table 9. Budget Summary—Pace Owned Carriers (000's)**

	2001 Actual	2002 Estimate	2003 Budget
Revenue	\$ 28,433	\$ 29,014	\$ 29,014
Expenses			
Operations	\$ 44,754	\$ 46,900	\$ 48,508
Maintenance	11,278	11,862	12,474
Non-Vehicle Maintenance	1,636	1,522	1,625
General Administration	4,265	3,549	3,869
Total Expenses	\$ 61,933	\$ 63,833	\$ 66,476
Funding Requirement	\$ 33,500	\$ 34,819	\$ 37,462
Recovery Rate	45.91%	45.45%	43.65%
Ridership	30,990	28,781	28,781
Vehicle Miles	22,135	22,379	22,379
Vehicle Hours	1,453	1,470	1,470
Full Time Equivalents (FTE's)	1,141	1,174	1,172

## 2003 Public Contracted Service Budget

Pace will contract with two municipalities—Highland Park and Niles to provide fixed route bus service in their areas in 2003.

Total public contract revenue is projected to rise 1.6% over the 2002 estimate. The growth will come primarily from increasing local share contributions as fare revenues are estimated to increase slightly. The local share requirement was imposed on these services in 2001 in order to maintain a systemwide recovery performance of 40%.

Total expenses are projected to grow by \$59,000 or 3.0% over the estimate for 2002. This increase reflects estimated growth for labor and fringe benefit costs, including rising health care.

Pace's 2003 efforts include achieving a 40.63% recovery ratio, while increasing ridership levels to 860,000 riders.

Detailed information for the Public Contract Service budget is provided in Appendix A.

**Table 10. Budget Summary—Public Contracted Carriers (000's)**

	2001 Actual	2002 Estimate	2003 Budget
Revenue			
Fares	\$ 672	\$ 673	\$ 677
Local Share	130	130	139
Total Revenue	\$ 802	\$ 803	\$ 816
Expenses			
Operations	\$ 1,342	\$ 1,340	\$ 1,369
Maintenance	392	393	410
Non-Vehicle Maintenance	0	0	0
General Administration	185	216	229
Total Expenses	\$ 1,919	\$ 1,949	\$ 2,008
Funding Requirement	\$ 1,117	\$ 1,146	\$ 1,192
Recovery Rate	41.79%	41.20%	40.63%
Ridership	866	856	860
Vehicle Miles	513	509	509
Vehicle Hours	45	45	45

## 2003 Private Contract Carrier Budget

In 2003, Pace will contract directly with five private transit providers for fixed route service in 40 different communities.

Private contractors doing business with Pace include:

- Colonial Coach Lines
- Keeshin Charter Service/Coach USA
- Laidlaw
- Mid-America Coach
- Cook County School Bus

The net cost of providing fixed route contracted service will rise \$479,000 in 2003. This represents a 10.0% increase from estimated 2002 levels and is directly attributed to rising costs as service levels will remain unchanged next year. Contractor's renewal rates have been growing significantly over the past two years as labor and fringe benefit costs, specifically healthcare, have been rising at rates well above the standard CPI-rate of inflation.

**O**perating revenues are projected to remain unchanged in conjunction with ridership which is estimated to stay constant at 2002 levels.

Recovery performance will drop two percentage points due to constant revenues and rising costs.

The budget for private contracted services is summarized on the following table. The general outlook for this program in 2003 is to maintain 2.0 million riders while achieving a minimum recovery ratio of 35.29%.

**Table 11. Budget Summary—Private Contract Carriers (000's)**

	2001 Actual	2002 Estimate	2003 Budget
Revenue	\$ 2,729	\$ 2,871	\$ 2,871
Operating Expenses	7,556	7,657	8,136
Funding Requirement	\$ 4,827	\$ 4,786	\$ 5,265
Recovery Rate	36.12%	37.50%	35.29%
Ridership	2,175	2,008	2,008
Vehicle Miles	2,477	2,443	2,443
Vehicle Hours	139	144	144

## 2003 Dial-a-Ride Services Budget

Dial-a-ride service is available in a large portion of the Pace service area. Nearly all service is provided with Pace-owned paratransit vehicles.

Pace contracts directly with private providers for the operation of 27 dial-a-ride projects. The communities served continue to provide financial support for these projects through "local share agreements" with Pace. Pace now receives funding to help cover a portion of dial-a-ride service costs through 41 local share agreements.

Pace has maintained grant agreements with villages and townships for the operation of 29 other dial-a-ride projects. In most cases, the local community operates the service. For 2003, Pace's funding formula for grant agreements is based on providing a subsidy of \$2.25 per trip or 75% of deficit, whichever is less (\$2.25/75%). As in past years, individual project funding will also be limited to the inflationary growth rate for 2003.

The budget shown in Table 12 is based on the \$2.25/75% subsidy formula and will provide for over \$12.1 million in dial-a-ride service throughout the six county region. Total costs are up 9.6% in 2003, as costs of renewal for several private contracts are expected to exceed the 2.5% rate of inflation. Service expansion is also contributing to the growth with Pace providing service for the Pioneer Center in McHenry County next year. Dial-a-ride ridership is projected to grow 8.9% in 2003 consistent with the increase in service.

Dial-a-ride efforts in 2003 will include carrying 1.2 million riders while maintaining recovery performance to a level in excess of 62.92%.

**Table 12. Budget Summary—Dial-a-Ride Services (000's)**

	2001 Actual	2002 Estimate	2003 Budget
Revenue			
Fares	\$ 1,040	\$ 1,046	\$ 1,150
Local Share	5,317	5,659	6,494
Total Revenue	\$ 6,357	\$ 6,705	\$ 7,644
Expenses			
Operations	\$ 9,253	\$ 9,862	\$ 10,867
Maintenance	636	468	486
Non-Vehicle Maintenance	4	27	31
Administration	738	728	764
Total Expenses	\$ 10,631	\$ 11,085	\$ 12,148
Funding Requirement	4,274	4,380	4,504
Recovery Ratio	59.79%	60.49%	62.92%
Ridership	1,094	1,058	1,151
Vehicle Miles	4,084	3,983	4,129
Vehicle Hours	258	252	262

## **2003 ADA Paratransit Services Budget**

In compliance with the Americans with Disabilities Act (ADA), Pace submitted a plan for the provision of complementary paratransit service to the Federal Transit Administration (FTA) in January, 1992. The plan was updated annually in accordance with FTA requirements each January until Pace achieved compliance in January, 1997. For 2003, Pace's program continues to grow.

Pace will expend \$9.6 million in ADA service in 2002. This represents a 2.6% or \$.245 million increase and reflects the rising cost of doing business despite the fact that demand/ridership is estimated to finish the year down 5.3% from 2001 levels. The decline in ADA ridership is consistent with the Agency's overall decline in total ridership. Growth in ridership is expected to return in 2003, projected upward at 1.9% or an additional 7,000 riders.

In 2003, the ADA budget will continue to expand at a rate of 8.6%, or an additional \$.828 million to \$10.5 million. Service levels will increase, accounting for 2.0% of the expense budget growth. Costs will grow 6.6% as contractor renewal rates continue to rise at a much higher level than the 2.5% inflation rate. ADA recovery performance will reach 11.83% in 2003.

Details of the ADA budget are summarized in the table below. Pace's efforts for the ADA Paratransit program in 2003 will focus on continued productivity gains through cost containment. Ridership is projected to reach 379,000 passengers in 2003.

**Table 13. Budget Summary—ADA Paratransit Services (000's)**

	<b>2001 Actual</b>	<b>2002 Estimate</b>	<b>2003 Budget</b>
Revenue	\$ 1,116	\$ 1,201	\$ 1,241
Expenses	9,419	9,664	10,492
Funding Requirement	\$ 8,303	\$ 8,463	\$ 9,251
Recovery Ratio	11.85%	12.43%	11.83%
Ridership	393	372	379
Vehicle Miles	3,357	3,591	3,663
Vehicle Hours	251	254	259

## 2003 Other Services

### CMAQ Services

Pace continues to initiate new fixed route services in accordance with the federal Congestion Mitigation/Air Quality (CMAQ) program which began in 1996. CMAQ funding will provide Pace with \$122,000 in 2003. The service will continue to generate an estimated 90,000 riders and produce \$75,000 in revenue. The following table details the CMAQ program for 2003.

**Table 14. Budget Summary—CMAQ Services (000's)**

	2001 Actual	2002 Estimate	2003 Budget
Revenue	\$ 89	\$ 75	\$ 75
Expenses	190	193	197
Funding Requirement	\$ 101	\$ 118	\$ 122
Recovery Ratio	46.84%	38.86%	38.07%
Ridership	108	90	90
Vehicle Miles	68	68	68
Vehicle Hours	5	5	5

### JARC Service

Pace has continued to apply and receive funding under the Job Access and Reverse Commute Program (JARC). This program provides limited (one-year) funding for new services designed to transport welfare recipients and low-income individuals to and from jobs. During 2001 and 2002, Pace maximized use of this program, however, Pace will only receive a portion of the required funding for these services in 2003 and, therefore, will terminate these services if no further funds are identified. The following table details the JARC program for 2003.

**Table 15. Budget Summary—JARC Services (000's)**

	2001 Actual	2002 Estimate	2003 Budget
Revenue	\$ 564	\$ 946	\$ 334
Expenses	\$ 866	1,704	1,282
Funding Requirement	\$ 302	\$ 758	\$ 948
Recovery Ratio	65.13%	55.52%	26.05%

### Downers Grove

The Village of Downers Grove operates the Grove Commuter Shuttle, feeding passengers to the Metra/Burlington Northern rail station in Downers Grove. This service will continue to be included in Pace's budget for 2003 at a cost of \$482,000 with offsetting revenue of \$434,000 which includes local subsidy. The table below details this program.

**Table 16. Budget Summary—Downers Grove (000's)**

	2001 Actual	2002 Estimate	2003 Budget
Revenue	\$ 480	\$ 423	\$ 434
Expenses	533	470	482
Funding Requirement	\$ 53	\$ 47	\$ 48
Recovery Ratio	90.0%	90.0%	90.0%
Ridership	119	121	121
Vehicle Miles	89	90	90
Vehicle Hours	5	5	5

### Schaumburg

A shopper's shuttle service was implemented in the Woodfield area in 2001 and continues in 2003. The cost of this service is estimated at \$466,000 and will continue to be funded at 100% by Schaumburg. The table below details this program.

**Table 17. Budget Summary—Schaumburg (000's)**

	2001 Actual	2002 Estimate	2003 Budget
Revenue	\$ 622	\$ 442	\$ 466
Expenses	622	442	466
Funding Requirement	\$ 0	\$ 0	\$ 0
Recovery Ratio	100%	100%	100%
Ridership	65	74	74
Vehicle Miles	123	133	133
Vehicle Hours	16	16	16

## **2003 Vanpool**

The Vanpool program is a commuting option which provides passenger vans to small groups, 5 to 15 people, allowing them to commute to and from work together. The program continues to grow, with 386 vans currently in use. Pace estimates to have 393 vans in service by year-end 2002 and projects to increase the number of vans to 460 by the end of 2003. The Vanpool program will carry 1.4 million riders in 2003. Revenue will increase 17.1% while the growth in expense is 20% over 2002 levels.

Pace's Vanpool program is comprised of three elements: the Vanpool Incentive Program (VIP), the Corporate Shuttle Bus, and the ADvAntage program, all of which are detailed on Table 19.

The budget for the total Vanpool program is summarized in the table.

### **Vanpool Incentive Program (VIP)**

The VIP service is the core element of the program and is projected to achieve a ridership level of 776,000 with 222 vans in service by the end of 2003. The 2003 budgeted revenue and expenses are projected to increase a respective 17.1% and 20.0% over 2002 levels. Recovery performance is budgeted at 114.2% for 2003.

### **Corporate Shuttle Program**

The Corporate Shuttle Program which began in 1997 is now monitored separately. This program provides vans to suburban employers to shuttle employees to and from nearby transit connections with CTA, Metra and Pace facilities. Pace van shuttles are used by various agencies. Currently, there are thirty-seven (37) vans operating under the shuttle program and Pace estimates to have forty (40) shuttle vans in service by the end of 2003. The 2003 budgeted recovery rate for this program is 144.9%.

### **ADvAntage Program**

In 1994, Pace expanded the vanpool program to include the ADvAntage element. ADvAntage is intended to provide a transit alternative to individuals with disabilities that commute on a regular basis to work sites or rehabilitative workshops. It is an alternative to those unable to use the regular ADA paratransit service or those living outside the 3/4 mile service area. This program experienced the largest rate of growth in 2002 compared to the other components. In 2003, this program reflects a 17.1% increase in revenue, consistent with projected increases in ridership. Expense growth is projected to grow 20%. The recovery rate for the ADvAntage program is budgeted at 89.6% in 2003.

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Pace's efforts for the entire Vanpool Program in 2003 will include growing the overall program 20.0%, carrying 1,449,000 passengers, maintaining a recovery ratio of 108.2%, and increasing the number of vans in service to 460 by the end of 2003.

**Table 18. Vanpool Budget (000's)**

	2001 Actual	2002 Estimate	2003 Budget
<b>REVENUE</b>			
VIP	\$ 1,042	\$ 1,198	\$ 1,402
Corporate Shuttle	364	357	418
ADvAntage	621	737	863
<b>Total Revenue</b>	<b>\$ 2,027</b>	<b>\$ 2,292</b>	<b>\$ 2,683</b>
<b>EXPENSE</b>			
VIP	\$ 999	\$ 1,023	\$ 1,227
Corporate Shuttle	229	240	289
ADvAntage	826	803	963
<b>Total Expenses</b>	<b>\$ 2,054</b>	<b>\$ 2,066</b>	<b>\$ 2,479</b>
Funding Requirement	\$ 27	\$ (226)	\$ (204)
<b>RECOVERY RATE</b>			
VIP	104.4%	117.1%	114.2%
Corporate Shuttle	159.2%	148.6%	144.9%
ADvAntage	75.1%	91.9%	89.6%
<b>Total Recovery Rate</b>	<b>98.7%</b>	<b>111.0%</b>	<b>108.2%</b>
<b>RIDERSHIP</b>			
VIP	607	663	776
Corporate Shuttle	142	111	130
ADvAntage	357	464	543
<b>Total Ridership</b>	<b>1,106</b>	<b>1,238</b>	<b>1,449</b>
<b>VEHICLE MILES</b>			
VIP	4,100	4,806	5,626
Corporate Shuttle	756	620	725
ADvAntage	2,309	2,552	2,988
<b>Total</b>	<b>7,165</b>	<b>7,978</b>	<b>9,339</b>
Vans in Service (year-end) - VIP	175	190	222
Vans in Service (year-end) - Corporate	34	34	40
Vans in Service (year-end) - ADvAntage	154	169	198
<b>Total Vans in Service</b>	<b>363</b>	<b>393</b>	<b>460</b>

## 2003 Centralized Support Budget

The 2003 centralized support budget of \$21.4 million provides for a total support staff of 89 positions in the bus operations, materials management and facility maintenance areas. The budget includes expenses relating to the procurement of commonly used goods and services by all Pace carriers, including fuel. The rise in FTE's reflects a shift of one position from the Pace divisions to the central support category, and two additional positions for the new Intelligent Bus System project (IBS).

In 2003, Pace's centralized support budget will grow 6.8% over estimated 2002 levels. Labor, fringe benefit costs, including health care, and liability insurance costs will contribute to the growth. Fuel expenses are projected to increase 4.0% due largely to increases in volume, as prices are estimated to remain unchanged. However, uncertainty in fuel market prices and the economy could keep fuel costs a volatile issue in 2003.

Looking at the individual components of the central support budget, operations expense is expected to decline 6.1% from 2002 levels. The operations component is comprised largely of labor expense for 37 positions that provide support to all operating areas at Pace. The decline of two positions in this area is attributed to an increase in the vacancy rate and accounts for the decline in operations expense in 2003.

The maintenance area is comprised of 44 positions and includes both maintenance and materials management personnel. Total maintenance expense is projected to increase 7.2% over 2002 levels as the number of FTE's increase due to implementation of the new IBS system.

Fuel consumption is projected to increase in 2003 with new participants in the fuel program. The budget assumes an average price of \$.74 per gallon, no change from estimated 2002 levels.

The non-vehicle maintenance area consists of eight positions which provide support to all building maintenance and bus shelter functions. The full effect of shifting four sign and passenger shelter positions in 2002, along with increased building maintenance costs, are causing expenses to rise 25.7% over 2002 levels.

The administration portion of the centralized support budget is comprised of numerous items including liability insurance, marketing, revenue collection, farebox maintenance, and Pace's acceptance facility. Cost growth in this area has been constrained wherever possible for 2003. However, increased liability insurance costs account for a large part of the 10.4% jump in this category. Liability insurance costs are projected to rise 13.4% in 2003 with a significant increase associated with workers' compensation and premium costs.

Pace's 2003 budgetary efforts for centralized support will include holding non-labor expenditures to a minimum while maintaining a staffing level of 89 positions.

Further detail of the following table is provided in Appendix A.

**Table 19. Centralized Support Budget (000's)**

	2001 Actual	2002 Estimate	2003 Budget
Operations	\$ 2,504	\$ 2,562	\$ 2,406
Maintenance	3,578	4,017	4,305
Fuel	5,209	4,256	4,426
Non-Vehicle Maintenance	601	683	859
Administration	1,629	2,822	2,946
Insurance	5,862	5,681	6,441
Total	\$ 19,383	\$ 20,021	\$ 21,383
Full Time Equivalents (FTE's)	84	86	89

## 2003 Administrative Budget

The 2003 administrative budget provides for 153 positions at an estimated total cost of \$13.4 million. Pace administration is responsible for managing all of the agency's administrative responsibilities, including accounting, financial and capital assistance programs, marketing, information systems, legal services and risk management.

The following table summarizes the two major categories of the administrative budget: Non-Vehicle Maintenance which represents the operating costs for the headquarters facility and the Administration category. Administration costs include labor, parts and supplies, and other expenses.

In 2002, administrative expense is estimated to end the year \$172,000, or 1.4%, over 2001 levels. The 2003 administrative budget will increase 9.4% over 2002 levels.

Looking at the individual components of the administrative budget, non-vehicle maintenance expense will increase 32.1% over 2002 levels and reflects the costs of maintaining the existing headquarters facility.

Labor and fringe benefit costs will grow 9.7% and reflect eight additional FTE's, an increase in health care costs, and the resumption of a pension contribution in 2003. The increase in FTE's includes three new positions for the Intelligent Bus System project (IBS); the transfer of three positions from other areas in the budget (central support and the divisions); and a reduction in the number of vacancies in administration for 2003.

Parts and supplies, as well as utility costs, are expected to grow a respective 6.8% and 5.0% to prior 2002 levels in 2003. Increases in reprographic and MIS supplies are contributing to the growth in the area in 2003. Utility costs, specifically natural gas prices, are estimated to rise again in 2003.

The expense category "Other" will increase 7.9% in 2003 due largely to added expenses associated with new and/or enhanced costs for IBS and Vision 2020.

Pace's 2003 budgetary efforts for administration include constraining most non-labor expense growth while maintaining a staffing level of 153 positions.

Further detail on the administrative budget is provided in the following table.

**Table 20. Administrative Budget (000's)**

	2001 Actual	2002 Estimate	2003 Budget
Non-Vehicle Maintenance	\$ 101	\$ 162	\$ 214
General Administration			
Labor/Fringe benefits	8,597	8,314	9,120
Parts/Supplies	225	247	264
Utilities	96	138	145
Other	3,051	3,381	3,647
Total Expenses	\$ 12,070	\$ 12,242	\$ 13,390
Full Time Equivalents (FTE's)	145	145	153

## Organizational Overview

The Pace organization is comprised of three primary elements: administration, central support, and Pace-Owned divisions. Within each element, employees are classified into four activity areas of operations, maintenance, non-vehicle maintenance and administration. These activity areas are defined by the Federal Transit Administration's Section 15 reporting requirements which apply to all public transit operators.

**T**he administration element for 2003 is budgeted at 153 filled full-time equivalents (FTE's) and represents an increase of 8 FTE's. The growth in administrative FTE's is attributed to three added positions for the new Intelligent Bus System project (IBS); three positions transferred from central support and the divisions; and two less vacancies in administration for 2003.

The central support element is budgeted at 89 filled FTE positions for 2003 and reflects an increase of three positions from estimated 2002 levels. The increase comes from the movement of one position from the divisions and two additional positions for the IBS project.

The Pace division element is comprised of nine Pace division garages and is budgeted at 1,172 filled FTE positions for 2003, reflecting a decrease of two FTE positions over 2002 estimated levels. The decline reflects the assumption of increased vacancies in staffing levels for 2003. Increases in FTE's have occurred in 2001 and 2002 to accommodate increased service levels that have resulted from takeover of several private contract services during these years, and addition of CMAQ and JARC funded services.

**P**ace is organized into three main areas: Internal Services, Revenue Services, and Strategic Services. Each area is headed by a Deputy Executive Director who reports to the Executive Director. General Counsel, Internal Audit and Organization Development also report directly to the Executive Director.

Internal Services encompasses all functional areas of administration, human resources, risk management, capital financing, budget planning, finance, information technology, as well as materials and facility management.

Revenue Services oversees the operational and maintenance functions of Pace. These functions include the Pace divisions, safety, vehicle maintenance, vanpool and paratransit service areas.

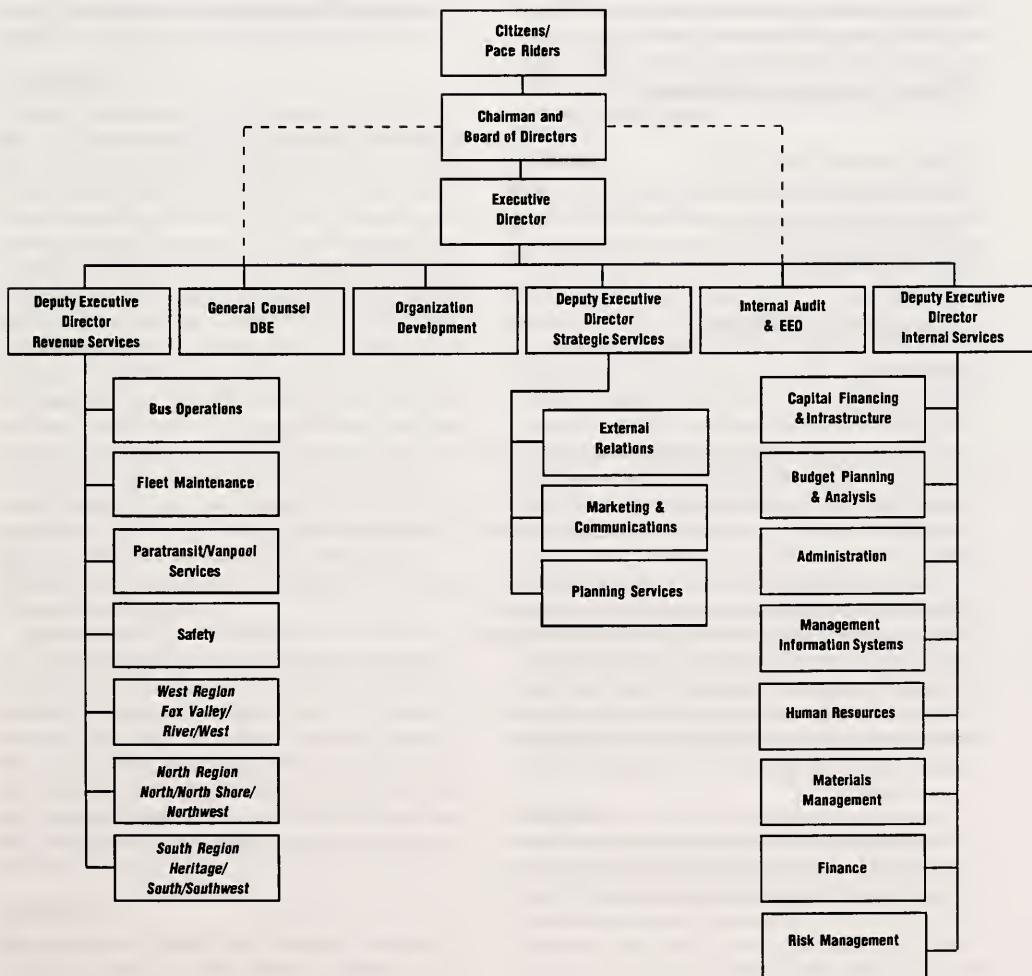
Strategic Services is responsible for external relations, marketing, communications, and planning and strategic functions of the company.

These areas are indicated in detail on the organization chart on page 25.

**Table 21. Full-Time Equivalent Personnel (FTE's)**

2001 ACTUAL				
	Area: Administration	Central Support	Pace Divisions	Total
<b>Activity</b>				
Operations	0	40	881	921
Maintenance	0	40	205	245
Non-Vehicle Maintenance	0	4	19	23
Administration	145	0	36	181
<b>Total</b>	<b>145</b>	<b>84</b>	<b>1,141</b>	<b>1,370</b>
 <b>2002 ESTIMATED</b>				
	Area: Administration	Central Support	Pace Divisions	Total
<b>Activity</b>				
Operations	0	39	918	957
Maintenance	0	40	205	245
Non-Vehicle Maintenance	0	7	15	22
Administration	145	0	36	181
<b>Total</b>	<b>145</b>	<b>86</b>	<b>1,174</b>	<b>1,405</b>
 <b>2003 BUDGET</b>				
	Area: Administration	Central Support	Pace Divisions	Total
<b>Activity</b>				
Operations	0	37	917	954
Maintenance	0	44	204	248
Non-Vehicle Maintenance	0	8	15	23
Administration	153	0	36	189
<b>Total</b>	<b>153</b>	<b>89</b>	<b>1,172</b>	<b>1,414</b>

**Chart D. Pace Organizational Chart**



# 2003 Capital Program Budget

## Summary

The 2003 capital program totals \$62.8 million for the existing Pace system. The Regional Transportation Authority (RTA), the Federal Transit Administration (FTA), and the Illinois Department of Transportation (IDOT) are expected to provide \$59.3 million while Pace will commit \$3.5 million from its own funds.

The 2003 program also includes \$9.7 million for Capital Cost of Contracting to support Pace's private contract services.

Lastly, \$1.6 million is programmed for Contingencies and Project Administration.

**Table 22. 2003 Capital Program (000's)**

	Amount
Rolling Stock and Related Systems	\$ 41,601
Electrical/Signal/Communications	3,108
Support Facilities and Equipment	6,549
Stations and Passenger Facilities	285
Miscellaneous	9,700
Contingencies/Project Administration	1,596
<b>Grand Total</b>	<b>\$ 62,839</b>

The program contains \$41.6 million for 92 fixed route replacement buses, 44 paratransit replacement buses, 190 vanpool vehicles, associated capital, bus overhaul/maintenance expense, and 81 wheelchair securement devices.

Electrical, signal, communications funds totaling \$3.1 million are included in the 2003 program for completion funding of Pace's Intelligent Bus System (IBS) and Phase I for a Radio and Farebox System replacement project.

Support Facilities and Equipment totaling \$6.5 million are included in the 2003 program. Projects include improvements to garages, computers and computer systems, office and maintenance equipment and non-revenue vehicles.

Stations and Passenger Facilities total \$.3 million for the installation of 70 Bike Rack Ad Frames for Pace's fixed route buses as well as the purchase of 500 transit signage tubes, and bus stop signs and poles.

# Capital Funding Sources

## Funding Sources

Each year the RTA is required to issue capital program marks by September 15th which are used to guide the development of the upcoming fiscal year's capital program. This program reflects the FY2003–2007 marks passed by the RTA Board on September 5, 2002.

## Federal Funding

There are three federal sources projected for 2003–2007: (1) Discretionary funds, commonly referred to as Section 5309, which Pace is eligible to receive primarily for bus procurements; (2) Apportionment funds, commonly referred to as Section 5307 which Pace uses for its overall capital needs; and (3) Flexible funds, such as Surface Transportation Program (STP) and Congestion Mitigation and Air Quality (CMAQ) funds which can be used for qualifying transit projects like Pace's Vanpool Program with a focus on transportation for work trips. In addition to the STP and CMAQ funds, TEA-21 also establishes two other competitive transit grant programs: the Clean Fuels Formula Program (CFFP) and the Job Access and Reverse Commute (JARC) Program. The Clean Fuels Formula Program will finance the purchase or lease of clean fuel buses and facilities, as well as the improvement to existing facilities to accommodate clean fuel buses. The Job Access Program is designed to transport welfare recipients and eligible low-income individuals to and from jobs.

The Section 5307 and the Section 5309 Fixed Guideway Modernization funds are allocated to the Service Boards on a percentage basis allocation by the RTA. Presently, the allocation is 58% to CTA, 34% to Metra, and 8% to Pace. This percentage basis allocation has been in place since 1985. The Section 5309 Bus Funds are discretionary and CTA and Pace compete for a portion of a statewide earmark. It has been RTA's practice that these funds are considered to be outside the 58%-34%-8% allocation.

## State Funding

Through the new Illinois *FIRST* Program, two primary funding sources are available. IDOT "B" Bonds are used for projects with a useful life of more than twelve years, and General Revenue Funds (GRF) are used for projects

with a useful life of more than one year. In general, IDOT does not allocate funds to the Service Boards by formula. Rather, they prefer to make funding decisions on the merits of individual projects. In 2003, the State has not appropriated any new General Revenue Funds for small equipment purchases or buses with a service life of less than 12 years. Rather the funding that Pace expects to receive in 2003 is from GRF funds left over from the 2002 statewide appropriation.

## RTA Funding

The RTA Bond Program was re-authorized in May, 1999 for FY2000–2004. The authorized level of funding is covered under two programs, the Strategic Capital Improvement Program (RTA-SCIP II) and the RTA Bond Program (RTA-Bond II). These funds are allocated by the formula of 50% for CTA, 45% for Metra and 5% for Pace.

Through the Illinois *FIRST* program the RTA will issue \$1.6 billion in bonds for capital improvements during the period 2000–2004. This includes \$1.3 billion in authorization for Strategic Capital Improvement Program (SCIP) bonds which the State of Illinois reimburses the principal and interest expense to the RTA. The remaining \$300 million represents "RTA" Bonds (for which the RTA is responsible for the principal and interest). The RTA's current five-year Capital Program assumes additional RTA authority to issue SCIP bonds to continue the current level of capital investment. The plan also assumes an additional bond authorization of \$260,000 in each year from 2005 through 2007. Lastly, the Service Boards have traditionally received RTA Capital Discretionary funding for non-bondable projects. RTA's preliminary budget for the next five years does not assume any Discretionary funds due to the decline in projected sales tax.

## Pace Funds

Each year Pace is required to use some portion of its own funds to meet its capital needs. In 2003, Pace needs approximately \$.7 million in PBV funds to support projects with no other alternative funding. Additionally, it should be noted that \$2.8 million in restricted sales tax revenue will be used to match the Bus Overhaul/Maintenance Expense, Capital Cost of Contracting projects, and Project Administration.

## **2003 Capital Program Description**

The 2003 Capital Program total is expected to be approximately \$62.8 million. Capital requests from the various departments at Pace totaled \$129.8 million. Through internal review and discussion with management, this program has been balanced to the available funding level. The 2003 Capital Program summarized below ties to the expected amount of funding Pace will receive in 2003:

### **Rolling Stock (\$41.6 Million)**

- **92 Fixed Route Replacement Buses (\$26.5 million)** - The program contains funds for the replacement of 36 Ikarus buses (40') and 56 Eldorado buses (29') which have exceeded their useful life. The replacement vehicles will be 30 and 40 foot traditional transit buses. The program also includes power packs, inspection services, etc.
- **44 Paratransit Replacement Buses (\$2.8 million)** - The program contains funds for the replacement of paratransit buses which have exceeded their useful life.
- **140 VIP Vanpool Vehicles (\$5.1 million)** - The program contains funds for the replacement of the VIP vanpool vehicles which have exceeded their useful life and for expansion vans. The number of vehicles it can purchase is driven by the amount of CMAQ funds Pace expects to receive in 2003. Pace will compete for \$5.1 million through the CATS, CMAQ selection process and the amount Pace receives will determine the number of vehicles Pace will be able to purchase.
- **50 Vans for the Municipal Vanpool Program (\$2.0 million)** - Currently 45 vans have been given to townships, park districts, special recreational districts and three municipalities. The local unit of government pays Pace \$250.00 per month, per van. At the current level this would yield \$135,000 on an annual basis. The program is expected to have a 100% recovery rate since the revenue from the local units of government will exceed reported expenses to Pace.

- **Bus Overhaul/Maintenance Expenses (\$3.3 million)** - The program contains funds to cover reimbursement of up to 20% of operating costs which are incurred for bus maintenance expenses. Under the federal requirements, Pace is eligible to receive this amount in 2003, however,

RTA has imposed a limit on the use of these federal funds requiring that the expenses must satisfy the definition of capital in accordance with Generally Accepted Accounting Principles (GAAP). Given this and the fact that Pace will not be able to replace all its buses when they become due, Pace will undertake a rebuild program which will extend the life of the Orion buses. This will enable Pace to fulfill the requirements of GAAP and it will enable Pace to schedule the bus replacements based on available funding. In addition, these funds will be used for qualifying maintenance work.

- **Associated Capital (\$1.5 million)** - The program contains funds for the purchase of engines, transmissions, axle assemblies, seats, etc.
- **Wheelchair Securement Devices (\$4 million)** - The program contains the third year of funding to cover the purchase of 81 securement devices for its fixed route buses. To date, prior year funding has purchased 180 of these devices.

### **Electrical/Communications Equipment (\$3.1 Million)**

- **Intelligent Bus System (IBS) (\$1.7 million)** - The program contains funds for the third phase of the purchase of the IBS system. Phase I and II have been previously funded in the amount of \$14.0 million and the Phase III funding will fund IBS for contractor buses and Traffic Signal Priority Devices.
- **Radio and Farebox Systems replacement (\$1.4 million)** - The existing radio and farebox systems are in need of replacement. These systems will cost approximately \$25 million in total. Due to the shortfall of available funding Pace cannot undertake the replacement of both of these systems in one year. Therefore, we are budgeting sufficient funds for an assessment of the condition of each system and the design of these new systems. Subsequent year funding will provide for the actual purchase.

### **Support Facilities/Equipment (\$6.5 Million)**

- *Maintenance Equipment/Non Revenue Support Vehicles (\$1.6 million)* - The program contains funds for the purchase of miscellaneous maintenance equipment, 44 cars for headquarters and the garages, and 5 mini vans used to transport people with disabilities to the ADA certification program.
- *Office Equipment and Furniture (\$.2 million)* - The program contains funds for the purchase of a high volume copier and two vinyl cutter/plotter and printers for the graphics department at headquarters.
- *Computer Equipment and Systems (\$2.5 million)* - The program contains funds for the purchase of computer servers, hardware and software upgrades, continued funding for the Document Management System, Phase II funding for a new Enterprise Resource Planning System, etc.
- *Improvements to Garages/Facilities (\$2.2 million)* - The program contains funds for improvements to garages and other fixed facilities. Examples of projects include fume monitoring systems, fluid dispensing upgrades, renovation completion at West Division including upgrades to the drivers' room, seal coating and striping of our park and ride lots, and tuckpointing at Heritage and North Divisions. Lastly, the budget includes \$350,000 for the continued repair and replacement of system equipment (i.e. doors, HVAC, etc.) at our facilities.

### **Station and Passenger Facilities (\$.3 Million)**

- *Bike Rack Ad Frames (\$.05 million)* - The program contains funds for the purchase and installation of 70 Bike Rack Ad Frames for our fixed route buses. Strategic Services identified a need for 700 Ad Frames which would be purchased over five years, if the program proves successful.
- *Transit Tubes (\$.2 million)* - The program contains Phase I money to purchase 500 transit tubes which display route information on bus stop poles. This is the first year of the program and it will be funded over five years, if successful.

- *Bus Stop Signs/Poles and LED Signals (\$.04 million)* - The program contains funds for the purchase of 500 bus stop poles and signs and for the purchase of 25 LED signal lights. The LED signal light is a device installed on the top of a bus stop sign which blinks to notify the bus drivers that passengers are waiting at the bus stop.

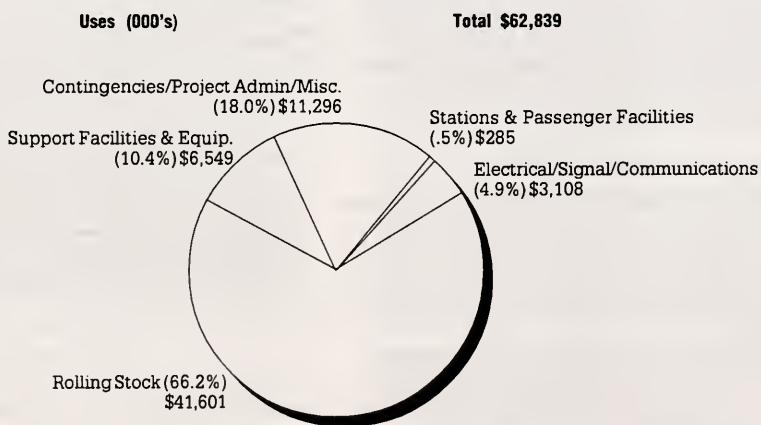
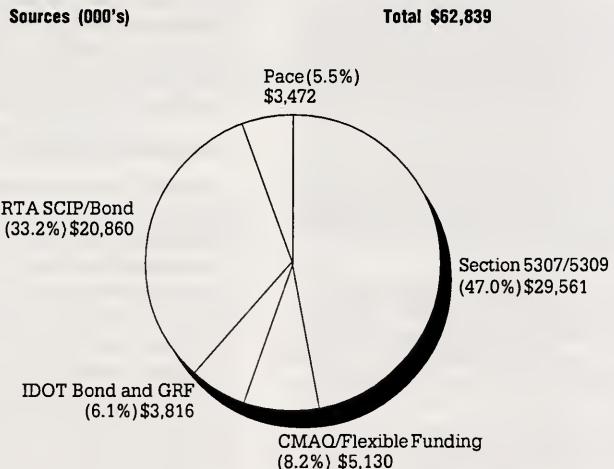
### **Miscellaneous (\$9.7 Million)**

- *Capital Cost of Contracting (\$9.7 million)* - The program contains \$9.7 million to cover Capital Cost of Contracting. Under the federal capital grant program, Pace is eligible to receive \$9.7 million to cover the capital consumed in the course of a private operated contractor service. The concept of assisting with private sector capital consumed is referred to as "Capital Cost of Contracting" by the Federal Transit Administration (FTA). Pace programmed an equal amount in its 2002 capital budget but RTA stopped Pace from applying for it. This has now become one of the Counts in a lawsuit between RTA and Pace. It is prudent to maintain this project in this year's capital program in the event that Pace prevails in its legal position that it can and should use these funds as the federal government has intended.

### **Contingencies and Project Administration (\$1.6 Million)**

- *Contingencies and Project Administration (\$1.6 million)* - The program contains funds to cover contingencies and project administration. Contingencies are used to cover costs over the budgeted amounts and project administration covers the in-house staff salaries associated with undertaking and completing a capital project. Examples include staff hours associated with preparing bid documents and specifications and staff hours associated with the administration of the capital grants.

**Chart E. 2003 Capital Program**



*Major focus of the 2003 program will be on the replacement of Rolling Stock*

**Table 23. 2003 Capital Program (000's)**

<b>Project Description</b>	<b>Amount</b>
<b>ROLLING STOCK</b>	
Purchase 92 Fixed Route Buses	\$ 26,450
Purchase 81 Wheelchair Securement Devices	405
Purchase 44 Paratransit Vehicles	2,816
Purchase 190 Vanpool Vehicles	7,130
Bus Overhaul/Maintenance Expense	3,300
Associated Capital	1,500
<b>Subtotal Rolling Stock</b>	<b>\$ 41,601</b>
<b>ELECTRICAL/SIGNAL/COMMUNICATIONS</b>	
Intelligent Bus System (IBS)	\$ 1,660
Radio and Farebox Systems Replacement - Phase I	1,448
<b>Subtotal - Electrical/Signal/Communications</b>	<b>\$ 3,108</b>
<b>SUPPORT FACILITIES &amp; EQUIPMENT</b>	
Maintenance/Support Equipment/Support Vehicles	\$ 1,614
Office Equipment and Furniture	200
Computers/Databases/Computer Systems	1,525
Enterprise Resource Planning System	1,000
Improvements to Garages/Facilities	2,210
<b>Subtotal Support Facilities and Equipment</b>	<b>\$ 6,549</b>
<b>STATIONS &amp; PASSENGER FACILITIES</b>	
Bike Rack Ad Frames	\$ 50
Transit Tubes	200
Bus Stop Signs/Poles/LED Signal	35
<b>Subtotal Stations &amp; Passenger Facilities</b>	<b>\$ 285</b>
<b>MISCELLANEOUS</b>	
Capital Cost of Contracting	\$ 9,700
<b>Subtotal Miscellaneous</b>	<b>\$ 9,700</b>
<b>CONTINGENCIES AND PROJECT ADMINISTRATION</b>	
	\$ 1,596
<b>Grand Total</b>	<b>\$ 62,839</b>

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# **2003–2007 Capital Plan**

## **2003–2007 Capital Plan Description**

Pace's needs for the five year period 2003–2007 are depicted by asset category on Table 24. This totals \$295.5 million.

### **Rolling Stock**

Pace needs \$154.0 million to purchase rolling stock. The program contains 258 fixed route buses, 253 paratransit buses, and 767 vanpool vehicles. Additionally, the program contains funds for wheelchair securement devices, associated capital and bus overhaul/maintenance expense.

### **Electrical/Signal/Communications**

Pace needs \$26.7 million to replace the systemwide fixed route radio and farebox systems after they exceed their useful life and to fund Phase III of the Intelligent Bus System (IBS).

### **Support Facilities and Equipment**

Pace needs \$57.3 million to support its system with facilities and equipment. This includes construction of general improvements and upgrades to garages and passenger facilities, purchase of major computer systems such as the Enterprise Resource Planning System. Additionally, funds are programmed for the construction of expanded facilities which might be identified as part of Vision 2020. Lastly, Pace needs funds to purchase maintenance equipment, non-revenue vehicles, office equipment, furniture, and other miscellaneous equipment.

### **Stations and Passenger Facilities**

Pace needs \$2.4 million to purchase bike rack ad frames and passenger amenities such as bus stop signs, shelters, and transit tubes.

### **Miscellaneous/Contingencies/Project Administration**

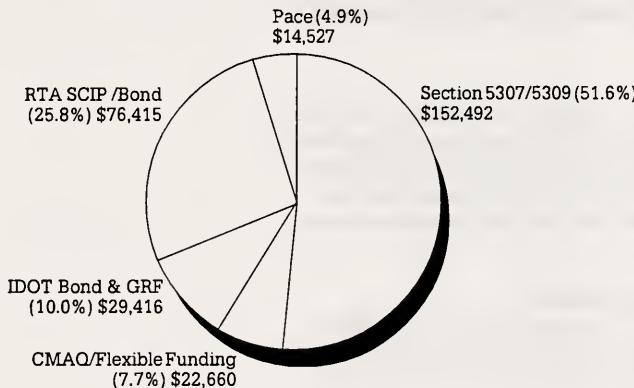
Pace needs \$55.1 million for contingencies and project administration, as well as capital cost of contracting and unanticipated capital.

**Chart F. 2003-2007 Capital Plan—Sources and Uses of Funds**

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Sources (000's)

Total \$295,510

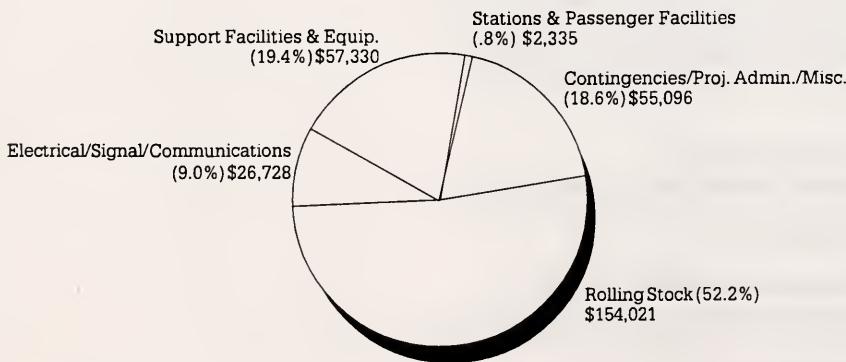


*More than 59% of Pace's Program is funded with Federal funds*

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Uses (000's)

Total \$295,510



*More than 52% of Pace's Program is for the purchase of rolling stock*

**Table 24. Capital Plan 2003–2007 (000's)**

Project Description	2003 Amount	Quantity	2004–2007 Total	Quantity	Total 2003–07
<b>ROLLING STOCK</b>					
Purchase 258 Fixed Route Buses	\$ 26,450	92	\$ 55,120	166	\$ 81,570
Purchase 81 Wheelchair Securement Upgrades for Fixed Route Buses	405	81	0		405
Purchase 253 Paratransit Vehicles	2,816	44	14,620	209	17,436
Extended Warranties/Associated Capital	0		400		400
Purchase 767 Vanpool Vehicles	7,130	190	23,080	577	30,210
Bus Overhaul/Maintenance Expense	3,300		13,200		16,500
Associated Capital	1,500		6,000		7,500
<b>Subtotal - Rolling Stock</b>	<b>\$ 41,601</b>		<b>\$ 112,420</b>		<b>\$ 154,021</b>
<b>ELECTRICAL/SIGNAL/COMMUNICATIONS</b>					
Intelligent Bus System	\$ 1,660		\$ 0		\$ 1,660
Replace Radio and Farebox Systems - Phase I	1,448		0		1,448
Purchase Systemwide Radio System - Phase II	0		13,000		13,000
Purchase Systemwide Farebox System - Phase II	0		10,620		10,620
<b>Subtotal - Electrical/Signal/Communications</b>	<b>\$ 3,108</b>		<b>\$ 23,620</b>		<b>\$ 26,728</b>
<b>SUPPORT FACILITIES &amp; EQUIPMENT</b>					
Maintenance/Support Equipment/Support Vehicles	\$ 1,614		\$ 3,606		\$ 5,220
Office Equipment/Furniture/Printing Equipment	200		950		1,150
Computers/Databases/Comp. Systems	1,525		9,270		10,795
Enterprise Resource Planning System	1,000		3,000		4,000
Improvements to Garages/Facilities	2,210		14,955		17,165
Expansion of Facilities	0		19,000		19,000
<b>Subtotal - Support Facilities &amp; Equipment</b>	<b>\$ 6,549</b>		<b>\$ 50,781</b>		<b>\$ 57,330</b>
<b>STATIONS &amp; PASSENGER FACILITIES</b>					
Bike Rack Ad Frame	\$ 50		\$ 400		\$ 450
Transit Tubes	200		750		950
Bus Stop Signs/LED Signals	35		900		935
<b>Subtotal - Stations &amp; Passenger Facilities</b>	<b>\$ 285</b>		<b>\$ 2,050</b>		<b>\$ 2,335</b>
<b>MISCELLANEOUS</b>					
Capital Cost of Contracting	\$ 9,700		\$ 38,800		\$ 48,500
Unanticipated Capital	0		1,000		1,000
<b>Subtotal - Miscellaneous</b>	<b>\$ 9,700</b>		<b>\$ 39,800</b>		<b>\$ 49,500</b>
<b>CONTINGENCIES/ADMINISTRATION</b>					
	\$ 1,596		\$ 4,000		\$ 5,596
<b>Total Pace Program</b>	<b>\$ 62,839</b>		<b>\$ 232,671</b>		<b>\$ 295,510</b>

# 2003–2005 Financial Plan and Fund Balance

## General

The following section presents Pace's financial plan and fund balance for 2003 through 2005. The amended RTA Act requires the Service Boards to submit such a plan in addition to their annual programs and budgets. The final plan is required to show a balance between the funding estimates provided by the RTA and the anticipated cost of providing services for the forthcoming and two following fiscal years. Pace's plan for 2003–2005 achieves this balance.

As mentioned in the section on the 2003 operating budget, Pace has balanced the 2003 budget within the RTA funding and recovery requirements through containment of costs, implementation of service reductions and continued management of volatile expenditures. The proposed 2003 budget already reflects \$2.6 million in cost trimming efforts by Pace. The 2003 budget also includes \$1.65 million in proposed service reductions which were called for in last year's plan for 2003. As funding has been established at original plan levels (\$83.2 million) and expense growth has been constrained, implementation of the service reductions will be necessary. And finally, Pace will continue all efforts to constrain growth of volatile expense items like health care costs and rising insurance premiums in order to maintain a balanced budget.

Pace also intends to utilize a Federal Transit Administration provision which offers funding to cover capital costs consumed in the course of contracting with private operators for service. The concept called "Capital Cost of Contracting" is estimated to provide \$7.8 million in additional funding to Pace for 2003.

And finally, Pace will continue to utilize the provision granted by the RTA, whereby costs incurred by the ADvAntage contractors can be factored into calculating the recovery ratio. For 2003, Pace will apply \$1.3 million of these costs in order to achieve the 40% recovery requirement.

In order to continue to achieve the funding and 40% recovery performance in the outlying years—2004 and 2005, Pace will adjust service levels based on its established service criteria; constrain costs, utilize Capital Cost of Contracting funds to make-up proposed public funding shortfalls; and apply ADvAntage credits to achieve 40% recovery performance.

**Table 25. Baseline Economic Assumptions**

	2002	2003	2004	2005	Where Applied
CPI-U (National)	1.7%	2.5%	2.5%	2.5%	Note 1
T-Bill Rate (3 Month)	2.0%	3.5%	4.6%	4.6%	Investment Income 2002-2005
#2 Diesel (Estimated Price)	\$0.740	\$0.740	\$0.740	\$0.740	Note 2
Number of Gallons (Estimate)	5.751 mil	5.981 mil	5.981 mil	5.981 mil	
Fuel Costs	\$4.256 mil	\$4.426 mil	\$4.426 mil	\$4.426 mil	

Note 1—The Blue Chip Economic Indicator Report was the source for CPI data for all years. The general inflation rate was used in all cases where a more specific rate of growth was not known or available. These rates were used more in the out years 2004 and 2005 as they are beyond the range of most current labor agreements.

Note 2—We used current year prices and oil futures contract pricing to develop the fuel price estimates for all years of the plan.

## **Assumptions**

Numerous sources were referenced in order to identify appropriate economic assumptions to be used in developing the budget. Several key sources referenced for information included: The Blue Chip Economic Indicator Report (provides a consensus outlook by 52 economists on the trends of several key economic indicators—including inflation as measured by the consumer price index—CPI); The Blue Chip Financial Forecast (a report on the trend for interest rates); The Wall Street Journal (source for indicators for PPI, Oil Futures, Interest Rates and general economic information); Bureau of Labor Statistics-BLS (source of key inflation indicators); Bloomberg Financial (a web site providing numerous indicators including energy trends) and The Oil Daily (an oil industry newsletter providing up-to-the-minute activities in the oil market).

**T**he baseline economic assumptions used to develop the Pace three year plan are summarized on Table 25.

Individual projections and assumptions are made in order to develop the annual budget and outlying year forecasts. In general, these estimates are based on the economic data shown on Table 25. The outcome of applying these assumptions to known or anticipated conditions for major expense categories is reflected on Table 26.

Pace's three year plan (Table 28) is in compliance with funding and recovery marks set by the RTA. The net funding available beyond RTA funding marks for 2003 is the result of federal reimbursement for "Capital Cost of Contracting." These net funds will be redirected to meet Pace's capital or working cash needs. For outlying years, 2004 and 2005, federal Capital Cost of Contracting funds have been applied to cover the shortfall in projected public funds.

Operating expenses, in 2003, are expected to increase 4.5% over current year estimates. Over the three year period, expenses are projected to grow at an annual compound rate of 3.7%, and this growth rate has been constrained to comply with funding projections provided by the RTA.

**Table 26. Major Expense Category Growth Over Prior Year**

	<b>2003</b>	<b>2004</b>	<b>2005</b>
Labor/Fringes	4.6%	7.8%	5.0%
Parts/Supplies	2.6%	1.4%	1.3%
Utilities	12.8%	2.0%	2.0%
Fuel	4.0%	0.0%	0.0%
(\$/Gallon)	(0.740)	(0.740)	(0.740)

## Fund Balance

Since inception, Pace has been able to establish savings from its annual operating budgets by containing costs through good management. By the end of 2001, Pace has accumulated \$40 million in savings. The RTA has a policy which allows the Service Boards to use accumulated savings for capital projects or one-time operating expenses. Between 1986 and 2001, Pace has committed more than \$35 million for capital projects funded out of this reserve and has used \$3 million to fund one-time operating expenses as noted in the table that follows.

In 2002, Pace expects to finish the year with a funding surplus of \$955,000, however, will also fund capital obligations of \$.3 million. During 2003, Pace has identified the need to use an additional \$667,000 of fund balance to fund several capital projects. These planned expenditures will bring Pace's unrestricted fund balance to \$2.2 million by the end of 2003.

The following table identifies the capital and operating fund requirements by Pace from 1986 to 2002 and the proposed obligations for 2003. Proposed obligations beyond 2003 include \$700,000 annually for capital projects. Note: Table 27 includes a line for capital funds that have been reprogrammed from prior year commitments. These funds reflect the difference or savings between original programmed commitments and actual commitments. This difference is a credit back to fund balance and is available to be reprogrammed.

**Table 27. Capital and Operations Funding Provided Via Pace Fund Balance (000's)**

	Capital	Operations
1986	\$ 1,959	-
1987	\$ 1,950	-
1988	\$ 7,611	-
1989	\$ 6,192	-
1990	\$ 415	-
1991	\$ 285	-
1992	\$ 5,281	\$ 2,240
1993	\$ 1,113	\$ -
1994	\$ 2,101	\$ -
1995	\$ 331	\$ -
1996	\$ 4,930	\$ 147
1997	\$ 250	\$ 70
1998	\$ 377	\$ -
1999	\$ 685	\$ -
2000	\$ 1,037	\$ 523
2001	\$ 1,369	\$ -
2002	\$ 350	\$ -
2003	\$ 667	\$ -
Subtotal	\$ 36,903	\$ 2,980
Reprogrammed from prior commitments	\$ (1,619)	\$ 0
Grand Total	\$ 35,284	\$ 2,980

**Table 28. 2003–2005 Three Year Plan and Fund Balance (000's)**

	<b>2001 Actual</b>	<b>2002 Estimate</b>	<b>2003 Proposed</b>	<b>2004 Estimate</b>	<b>2005 Estimate</b>
<b>REVENUES</b>					
Farebox	\$ 37,620	\$ 38,132	\$ 39,095	\$ 39,681	\$ 40,277
Fare Reimbursement	3,657	3,348	3,720	3,720	3,720
Investment/Other	3,709	3,629	3,827	3,895	3,883
Advertising	2,993	3,045	3,330	3,600	4,000
Vanpool	2,042	2,292	2,683	3,074	3,465
Other Services	1,752	1,886	1,309	1,261	1,292
Municipal Vanpool	0	117	164	194	224
Total Revenue	\$ 51,773	\$ 52,449	\$ 54,128	\$ 55,425	\$ 56,861
<b>OPERATING EXPENSES</b>					
Labor/Fringes	\$ 73,186	\$ 75,534	\$ 79,030	\$ 85,167	\$ 89,411
Parts/Supplies	3,496	3,532	3,626	3,677	3,725
Utilities	1,679	1,281	1,445	1,474	1,504
Fuel	5,209	4,256	4,426	4,426	4,426
Insurance	5,862	5,681	6,441	6,602	6,767
Other	5,873	7,761	8,289	8,496	8,709
Dial A Ride	10,631	11,085	12,148	12,452	12,763
Private Contract	7,556	7,657	8,136	8,340	8,548
ADA Paratransit	9,419	9,664	10,492	10,755	11,023
Vanpool	2,054	2,066	2,479	2,902	3,344
Other Services	2,211	2,809	2,427	2,488	2,550
Service/Expense Adjustments	0	0	(1,650)	(4,428)	(6,213)
Total Expenses	\$ 127,176	\$ 131,326	\$ 137,289	\$ 142,351	\$ 146,557
Funding Requirement	\$ 75,403	\$ 78,877	\$ 83,161	\$ 86,926	\$ 89,696
Recovery Ratio	40.71%	39.94%	39.43%	38.94%	38.80%
Recovery Ratio with ADvantage Contribution	40.71%	40.00%	40.00%	40.00%	40.00%
Contribution	\$ 0	\$ 125	\$ 1,320	\$ 2,525	\$ 2,925
<b>PUBLIC FUNDING</b>					
RTA Operating	\$ 75,002	\$ 79,052	\$ 82,747	\$ 79,052	\$ 81,819
CMAQ/JARC/Other	426	780	414	114	117
Capital Cost of Contracting	0	0	7,760	7,760	7,760
Total Public Funding	\$ 75,428	\$ 79,832	\$ 90,921	\$ 86,926	\$ 89,696
Net Funding Available	\$ 25	\$ 955	\$ 7,760	\$ 0	\$ 0
<b>FUND BALANCE</b>					
Beginning Balance	\$ 3,605	\$ 2,261	\$ 2,866	\$ 2,199	\$ 1,499
Less: Obligations/Other	1,369	350	8,427	700	700
Ending Balance	\$ 2,261	\$ 2,866	\$ 2,199	\$ 1,499	\$ 799

## Financial Plan Variance

Pace is required (by statute) to perform a comparison of its budget and Three Year Plan to the existing RTA Three Year Plan. Explanations of the variances between these two plans are highlighted in Table 29 and discussed below.

Pace's total funding requirement for 2003 is essentially at the existing RTA plan levels; up slightly, \$286,000 or 0.3%. In order to bring the new (2003) plan within original funding levels, Pace has had to address several issues. First, the 2003 plan reflects \$2.6 million in cost trimming efforts. Numerous items, like volatile health care costs and insurance premium expenses had to be trimmed back. Second, Pace will implement \$1.65 million in service reductions that were included in the original plan. Finally, Pace will have to continue to manage volatile expense items in order to bring this plan in at budget.

The proposed plan calls for an increase in revenue compared to the original plan. Contributing to the increase is farebox revenue which is growing largely from added/new services. Specifically, Job Access Reverse Commute (JARC) service and dial-a-ride services are growing. There is also a modest growth projected in ridership and a corresponding (slight) increase in farebox revenue. Investment income is expected to improve from original plan levels as the forecast for interest rates are expected to rise next year. Advertising income is down slightly from original plan levels, however, the overall performance for advertising income remains excellent. State reduced fare reimbursement revenue is off slightly to plan, however, overall results are that total system revenues are approximately \$1.487 million better than the original plan.

Total expenses are up \$1.773 million under the new plan with volatile swings occurring between several line items. Projected labor costs are down slightly from the original plan, however, labor savings are offset by rising fringe benefit costs, specifically, required pension contributions which are increasing due to poor stock market performance and underfunded pension funds. Health

care costs remain volatile and continue to rise along with insurance premium costs which have jumped because of heavy losses in the insurance industry. Utility and fuel costs are down from original plan levels with natural gas prices down from last year's all-time highs. JARC expenses are up due to added services. Service levels have been expanded to take advantage of one-year funding, however, unplanned service expansion is requiring further service reductions. And, a minimum of \$1.65 million in service reductions will be implemented as called for in the original 2003 plan. Overall, expense growth has been constrained to revenue growth levels thereby keeping the proposed 2003 budget within original plan levels.

In the outlying years of the new plan, Pace will have to consider additional service/expense reductions in order to operate within restricted funding levels. The RTA is forecasting unfavorable economic conditions and consequently limited funding level growth. One option available to Pace would be to use Capital Cost of Contracting grant funds to make up funding shortfalls. However, this option is the subject of litigation between Pace and the RTA and, therefore, will require that this option be revisited after completion of the legal action.

Consistent with the original plan, the recovery rate remains fixed at 40% for 2003 through 2005. However, this rate is only achievable by way of a provision granted by the RTA which allows Pace to use costs incurred by the ADvAntage contractors to be factored into calculating the recovery ratio. The new Three Year Plan factors in an amount (\$1.320 million for 2003) in order to achieve the 40% recovery rate. Pace will continue to need this provision in order to maintain the 40% requirement.

The same factors stated above explain the increase in funding requirements for outlying plan year 2004. The following table highlights the plan variance.

**Table 29. 2003–2005 Three Year Financial Plan Variance From Existing RTA Plan (000's)**

	2003	2004	2005
<b>FUNDING REQUIREMENT (ALL SOURCES)</b>			
RTA Plan (2002–2004)	\$ 82,875	\$ 85,351	*
Pace Plan (2003–2005)	83,161	86,926	89,696
Variance	\$ 286	\$ 1,575	N/A
<b>CHANGE FACTORS</b>			
<b>REVENUE</b>			
Farebox Changes (with CMAQ and JARC)	\$ 1,446	1,426	
Investment/Other Income	394	425	
Advertising	(233)	(263)	
Reduced Fare Reimbursement	(120)	(120)	
Total Change in System Revenue	1,487	1,468	
<b>EXPENSE</b>			
Labor	(240)	264	
Fringe Benefits (Pension)	230	2,142	
Health Care	595	1,690	
Insurance (Premiums)	852	874	
Utilities	(352)	(359)	
Fuel	(58)	54	
Job Access (JARC)	780	796	
Service/Expense Reductions	0	(2,428)	
Total Changes in Expenses	\$ 1,773	3,043	
Total Change in Required Funding	\$ 286	\$ 1,575	N/A
<b>RECOVERY RATIO</b>			
RTA Plan (2002–2004)	40.00%	40.00%	*
Pace Plan (2003–2005)	40.00%	40.00%	40.0%

\*Note: The current RTA plan does not contain projected funding levels for FY2005, thereby, eliminating comparability between plans. The current RTA plan (issued December 2001) identified funding estimates for only 2002–2004.

## Pace Cash Flow—2003

The following provides an estimate of Pace's revenues, expenses and cash position for operations on a monthly basis. Cash flow estimates for public operating funding are included in total revenues and are based on information provided by the RTA.

**T**he amount of cash remaining at year-end will differ from Pace's projected 2003 fund balance as a result of timing differences in the disbursement of public funds from the RTA.

Capital grant expenditures are funded on a draw down basis from the grantors and are not held by Pace for more than a few days. They are, therefore, excluded from this cash flow.

**Table 30. Projected Cash Flow\*—2003 (000's)**

	<b>Beginning Balance</b>	<b>Revenues</b>	<b>Expenses</b>	<b>Net Results</b>	<b>Ending Balance</b>
January	\$ 3,216	\$ 11,212	\$11,430	\$ (218)	\$ 2,998
February	2,998	11,200	11,432	(232)	2,766
March	2,766	12,785	11,434	1,351	4,117
April	4,117	10,576	11,436	(860)	3,257
May	3,257	10,687	11,438	(751)	2,506
June	2,506	11,152	11,440	(288)	2,218
July	2,218	11,435	11,442	(7)	2,211
August	2,211	11,590	11,444	146	2,357
September	2,357	11,809	11,446	363	2,720
October	2,720	11,434	11,448	(14)	2,706
November	2,706	11,321	11,449	(128)	2,578
December	2,578	11,405	11,450	(45)	2,533

\*Excludes restricted fund cash reserves held for insurance claims and capital commitments, as well as payouts for capital obligations funded with positive budget variance (PBV).

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# Appendix A

## 2001 Actual Results

### 2001 Actual Program, Activity and Object Matrix

	Pace Operating Divisions	Public Carriers	Private Carriers	Dial-a-Ride
<b>REVENUE</b>				
Farebox	\$27,178,806	\$ 672,477	\$ 2,450,682	\$ 1,039,558
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Other	1,254,001	129,796	278,623	5,317,198
Municipal Vanpool	0	0	0	0
Total Revenue	\$28,432,807	\$ 802,273	\$ 2,729,305	\$ 6,356,756
<b>OPERATING EXPENSES</b>				
Operations				
Labor/Fringes	\$44,552,517	\$ 1,325,251	\$ 0	\$ 0
Parts/Supplies	26,476	1,007	0	0
Purchased Transportation	0	0	7,555,875	9,252,839
Other	175,135	15,994	0	0
Total Operations	\$44,754,128	\$ 1,342,252	\$ 7,555,875	\$ 9,252,839
Vehicle Maintenance				
Labor/Fringes	\$ 9,967,972	\$ 256,029	\$ 0	\$ 0
Parts/Supplies	1,728,506	78,219	0	0
Fuel	0	0	0	0
Other	(418,426)	57,985	0	636,358
Total Vehicle Maintenance	\$11,278,052	\$ 392,233	\$ 0	\$ 636,358
Non - Vehicle Maintenance				
Labor/Fringes	\$ 843,763	\$ 0	\$ 0	\$ 0
Parts/Supplies	331,993	0	0	0
Other	460,600	0	0	3,710
Total Non-Vehicle Maintenance	\$ 1,635,756	\$ 0	\$ 0	\$ 3,710
General Administration				
Labor/Fringes	\$ 2,177,326	\$ 212,120	\$ 0	\$ 0
Parts/Supplies	82,737	566	0	0
Utilities	1,582,248	17	0	0
Insurance	0	0	0	0
Other	423,166	(28,530)	0	738,192
Total Administration	\$ 4,265,477	\$ 184,173	\$ 0	\$ 738,192
Total Expenses	\$61,933,413	\$ 1,918,658	\$ 7,555,875	\$10,631,099
Funding Requirement	\$33,500,606	\$ 1,116,385	\$ 4,826,570	\$ 4,274,343
Recovery Ratio	45.91%	41.81%	36.12%	59.79%

ADA Paratransit Services	Vanpool	Schaumburg/ Downers Grove	CMAQ/JARC	Centralized Support	Administration	2001 Actual Total
\$ 961,358	\$ 2,027,303	\$ 346,028	\$ 652,467	\$ 0	\$ 0	\$ 35,328,679
0	0	0	0	0	3,656,912	3,656,912
0	0	0	0	0	2,993,372	2,993,372
154,809	0	754,477	0	0	1,891,566	9,780,470
0	0	0	0	0	0	14,416
<b>\$ 1,116,167</b>	<b>\$ 2,027,303</b>	<b>\$ 1,100,505</b>	<b>\$ 652,467</b>	<b>\$ 0</b>	<b>\$ 8,541,850</b>	<b>\$ 51,773,849</b>
\$ 0	\$ 0	\$ 0	\$ 1,056,267	\$ 2,503,417	\$ 0	\$ 49,437,452
0	0	0	0	0	0	27,483
9,328,920	0	1,155,636	0	0	0	27,293,270
0	2,053,739	0	0	0	0	2,244,868
<b>\$ 9,328,920</b>	<b>\$ 2,053,739</b>	<b>\$ 1,155,636</b>	<b>\$ 1,056,267</b>	<b>\$ 2,503,417</b>	<b>\$ 0</b>	<b>\$ 79,003,073</b>
\$ 0	\$ 0	\$ 0	\$ 2,481,191	\$ 0	\$ 0	\$ 12,705,192
0	0	0	1,022,076	0	0	2,828,801
0	0	0	5,209,321	0	0	5,209,321
0	0	0	75,220	0	0	351,137
<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 8,787,808</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 21,094,451</b>
\$ 0	\$ 0	\$ 0	\$ 269,783	\$ 0	\$ 0	\$ 1,113,546
0	0	0	0	0	0	331,393
0	0	0	330,838	100,971	100,971	896,119
<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 600,621</b>	<b>\$ 100,971</b>	<b>\$ 100,971</b>	<b>\$ 2,341,058</b>
\$ 0	\$ 0	\$ 0	\$ 8,597,417	\$ 0	\$ 0	\$ 10,986,863
0	0	0	224,684	0	0	307,987
0	0	0	96,497	0	0	1,678,762
0	0	0	5,862,087	0	0	5,862,087
90,041	0	0	1,629,141	3,050,930	3,050,930	5,902,940
<b>\$ 90,041</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 7,491,228</b>	<b>\$ 11,969,528</b>	<b>\$ 11,969,528</b>	<b>\$ 24,738,639</b>
\$ 9,418,961	\$ 2,053,739	\$ 1,155,636	\$ 1,056,267	\$ 19,383,074	\$ 12,070,499	\$ 127,177,221
\$ 8,302,794	\$ 26,436	\$ 55,131	\$ 403,800	\$ 19,383,074	\$ 3,528,649	\$ 75,403,372
11.85%	98.71%	95.23%	61.77%	0.00%	70.77%	40.71%*

\*Excludes ADvantage Credit

## 2002 Estimated Results

### 2002 Estimated Program, Activity and Object Matrix

	Pace Operating Divisions	Public Carriers	Private Carriers	Dial-a-Ride
<b>REVENUE</b>				
Farebox	\$27,226,000	\$ 673,000	\$ 2,510,000	\$ 1,045,800
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Other	1,788,000	130,000	361,000	5,659,152
Municipal VanPool	0	0	0	0
Total Revenue	\$29,014,000	\$ 803,000	\$ 2,871,000	\$ 6,704,952
<b>OPERATING EXPENSES</b>				
Operations				
Labor/Fringes	\$46,711,594	\$ 1,323,541	\$ 0	\$ 0
Parts/Supplies	26,646	994	0	0
Purchased Transportation	0	0	7,656,789	9,862,321
Other	162,106	15,946	0	0
Total Operations	\$46,900,346	\$ 1,340,481	\$ 7,656,789	\$ 9,862,321
Vehicle Maintenance				
Labor/Fringes	\$10,623,564	\$ 256,169	\$ 0	\$ 0
Parts/Supplies	1,682,580	78,364	0	0
Fuel	0	0	0	0
Other	(444,245)	57,932	0	467,592
Total Vehicle Maintenance	\$11,861,899	\$ 392,465	\$ 0	\$ 467,592
Non - Vehicle Maintenance				
Labor/Fringes	\$ 758,428	\$ 0	\$ 0	\$ 0
Parts/Supplies	288,771	0	0	0
Other	474,828	0	0	27,230
Total Non-Vehicle Maintenance	\$ 1,522,027	\$ 0	\$ 0	\$ 27,230
General Administration				
Labor/Fringes	\$ 1,909,061	\$ 212,991	\$ 0	\$ 0
Parts/Supplies	85,640	600	0	0
Utilities	1,142,529	17	0	58,918
Insurance	0	0	0	0
Other	411,067	2,073	0	668,502
Total Administration	\$ 3,548,297	\$ 215,681	\$ 0	\$ 727,420
Total Expenses	\$63,832,569	\$ 1,948,627	\$ 7,656,789	\$11,084,563
Funding Requirement	\$34,818,569	\$ 1,145,627	\$ 4,785,789	\$ 4,379,611
Recovery Ratio	45.45%	41.21%	37.50%	60.49%

ADA Paratransit Services	Vanpool	Schaumburg/ Downers Grove	CMAQ/ JARC	Centralized Support	Administration	2002 Estimated Total
\$ 1,017,554 0 0 183,222 0	\$ 2,291,849 0 0 0 0	\$ 352,000 0 0 513,000 0	\$ 1,020,765 0 0 0 0	\$ 0 0 0 0 0	\$ 0 3,348,000 3,044,750 1,167,338 0	\$ 36,136,968 3,348,000 3,044,750 9,801,712 116,600
\$ 1,200,776	\$ 2,291,849	\$ 865,000	\$ 1,020,765	\$ 0	\$ 7,560,088	\$ 52,448,030
\$ 0 0 9,543,610 0	\$ 0 0 0 2,065,684	\$ 0 0 912,000 0	\$ 1,896,590 0 0 0	\$ 2,560,949 0 0 0	\$ 0 0 0 0	\$ 52,492,674 27,640 27,974,720 2,243,736
\$ 9,543,610	\$ 2,065,684	\$ 912,000	\$ 1,896,590	\$ 2,560,949	\$ 0	\$ 82,738,770
\$ 0 0 0 0	\$ 0 0 0 0	\$ 0 0 0 0	\$ 0 0 0 0	\$ 2,520,514 1,121,172 4,255,800 375,720	\$ 0 0 0 0	\$ 13,400,247 2,882,116 4,255,800 456,999
\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,273,206	\$ 0	\$ 20,995,162
\$ 0 0 0	\$ 0 0 0	\$ 0 0 0	\$ 0 0 0	\$ 342,279 0 341,000	\$ 0 0 161,865	\$ 1,100,707 288,771 1,004,923
\$ 0	\$ 0	\$ 0	\$ 0	\$ 683,279	\$ 161,865	\$ 2,394,401
\$ 0 0 0 0 120,768	\$ 0 0 0 0 0	\$ 0 0 0 0 0	\$ 0 0 0 0 0	\$ 0 0 0 0 2,822,495	\$ 8,314,072 247,047 138,240 0 3,380,671	\$ 10,436,124 333,287 1,339,704 5,681,020 7,405,576
\$ 120,768	\$ 0	\$ 0	\$ 0	\$ 8,503,515	\$ 12,080,030	\$ 25,195,711
\$ 9,664,378	\$ 2,065,684	\$ 912,000	\$ 1,896,590	\$ 20,020,949	\$ 12,241,895	\$ 131,324,044
\$ 8,463,602	\$ (226,165)	\$ 47,000	\$ 875,825	\$ 20,020,949	\$ 4,681,807	\$ 78,876,014
12.42%	109.49%	94.85%	53.82%	0.00%	61.76%	39.94% *

\*Excludes ADvantage Credit

## 2003 Budget

### 2003 Program, Activity and Object Matrix

	Pace Operating Divisions	Public Carriers	Private Carriers	Dial-a-Ride
<b>REVENUE</b>				
Farebox	\$27,226,000	\$ 676,400	\$ 2,510,000	\$ 1,149,526
Half-Fare Reimbursement	0	0	0	0
Advertising Revenue	0	0	0	0
Other	1,788,000	139,300	361,000	6,494,930
Municipal Vanpool	0	0	0	0
Total Revenue	\$29,014,000	\$ 815,700	\$ 2,871,000	\$ 7,644,456
<b>OPERATING EXPENSES</b>				
Operations				
Labor/Fringes	\$48,317,216	\$ 1,354,307	\$ 0	\$ 0
Parts/Supplies	16,146	1,250	0	0
Purchased Transportation	0	0	8,136,200	10,867,037
Other	174,989	13,302	0	0
Service/Expense Reductions	0	0	0	0
Total Operations	\$48,508,351	\$ 1,368,859	\$ 8,136,200	\$10,867,037
Vehicle Maintenance				
Labor/Fringes	\$11,221,161	\$ 292,303	\$ 0	\$ 0
Parts/Supplies	1,759,343	78,999	0	0
Fuel	0	0	0	0
Other	(506,758)	38,377	0	486,296
Total Vehicle Maintenance	\$12,473,746	\$ 409,679	\$ 0	\$ 486,296
Non - Vehicle Maintenance				
Labor/Fringes	\$ 816,393	\$ 0	\$ 0	\$ 0
Parts/Supplies	277,058	0	0	0
Other	531,791	0	0	31,430
Total Non-Vehicle Maintenance	\$ 1,625,242	\$ 0	\$ 0	\$ 31,430
General Administration				
Labor/Fringes	\$ 2,103,096	\$ 229,193	\$ 0	\$ 0
Parts/Supplies	84,797	400	0	0
Utilities	1,300,000	48	0	68,000
Insurance	0	0	0	0
Other	380,880	0	0	695,242
Total Administration	\$ 3,868,773	\$ 229,641	\$ 0	\$ 763,242
Total Expenses	\$66,476,112	\$ 2,008,179	\$ 8,136,200	\$12,148,005
Funding Requirement	\$37,462,112	\$ 1,192,479	\$ 5,265,200	\$ 4,503,549
Recovery Ratio	43.65%	40.62%	35.29%	62.93%

ADA Paratransit Services	Vanpool	Schaumburg/ Downers Grove	CMAQ/ JARC	Centralized Support	Administration	2003 Budget Total
\$ 1,038,262 0 0 202,653 0	\$ 2,682,875 0 0 0 0	\$ 352,000 0 0 548,000 0	\$ 408,765 0 0 0 0	\$ 0 0 0 0 0	\$ 0 3,720,000 3,330,000 1,336,036 0	\$ 36,043,828 3,720,000 3,330,000 10,869,919 163,500
\$ 1,240,915	\$ 2,682,875	\$ 900,000	\$ 408,765	\$ 0	\$ 8,386,036	\$ 54,127,247
\$ 0 0 10,371,429 0 0	\$ 0 0 948,000 2,478,821 0	\$ 0 0 0 0 0	\$ 1,479,404 0 0 0 0	\$ 2,405,938 0 0 0 0	\$ 0 0 0 0 0	\$ 53,556,865 17,396 30,322,666 2,667,112 (1,650,000)
\$ 10,371,429	\$ 2,478,821	\$ 948,000	\$ 1,479,404	\$ 2,405,938	\$ 0	\$ 84,914,039
\$ 0 0 0 0	\$ 0 0 0 0	\$ 0 0 0 0	\$ 0 0 0 0	\$ 2,660,206 1,144,004 4,426,000 500,738	\$ 0 0 0 0	\$ 14,173,670 2,982,346 4,426,000 518,653
\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,730,948	\$ 0	\$ 22,100,669
\$ 0 0 0	\$ 0 0 0	\$ 0 0 0	\$ 0 0 0	\$ 509,850 0 348,750	\$ 0 0 214,115	\$ 1,326,243 277,058 1,126,086
\$ 0	\$ 0	\$ 0	\$ 0	\$ 858,600	\$ 214,115	\$ 2,729,387
\$ 0 0 0 0 120,768	\$ 0 0 0 0 0	\$ 0 0 0 0 0	\$ 0 0 0 0 0	\$ 9,119,532 264,447 145,150 0 6,441,388 2,946,151	\$ 0 0 0 0 3,646,902	\$ 11,451,821 349,644 1,513,198 6,441,388 7,789,943
\$ 120,768	\$ 0	\$ 0	\$ 0	\$ 9,387,539	\$ 13,176,031	\$ 27,545,994
\$ 10,492,197	\$ 2,478,821	\$ 948,000	\$ 1,479,404	\$ 21,383,025	\$ 13,390,146	\$ 137,290,089
\$ 9,251,282	\$ (204,054)	\$ 48,000	\$ 1,070,639	\$ 21,383,025	\$ 5,004,110	\$ 83,162,842
11.83%	108.23%	94.94%	27.63%	0.00%	62.63%	39.43%*

\*Excludes ADvAntage Credit

# Appendix B

## **Characteristics**

Background data on the Pace market is provided below:

### **Fixed Route Service**

Number of Fixed Routes (September, 2002)	246
• Regular Routes	166
• Feeder Routes	61
• Shuttle Routes	14
• Subscription Services	5
Number of Accessible Routes	204
Peak Period Vehicle Requirements	604
Pace-owned Fleet Size	674
Number Accessible	616
Average Vehicle Age	7.1 years
Contractor Owned Vehicles in Pace service	56
Number of Private Contractors	5
Number of Pace-owned Garages	11
Number of Pace Municipal Contractors	2
<b>Paratransit</b>	
Number of Communities Served	210
Number of Local Dial-A-Ride Projects	56
Number of ADA Service Projects	8
Pace-owned Fleet Size	356
Average Vehicle Age	2.8 years
<b>Vanpool</b>	
Vans in Service (Year-End 2002)—VIP	190
Vans in Service (Year-End 2002)—Corporate Shuttle	34
Vans in Service (Year-End 2002)—ADvAntage	169
Municipal	47
Total Vans in Service	440
Average Vehicle Age	2.4 years
<b>Other</b>	
Number of Pace Employees (FTE's - Year-End 2002)	1,405

### **Ridership (000's)**

	2001 Actual	2002 Estimate	2003 Budget
Fixed Route	34,323	31,930	31,934
Paratransit	1,487	1,430	1,530
Vanpool	1,106	1,265	1,482
<b>Total</b>	<b>36,916</b>	<b>34,625</b>	<b>34,946</b>
<b>Vehicle Miles</b>			
	2001 Actual	2002 Estimate	2003 Budget
Fixed Route	25,405	25,622	25,622
Paratransit	7,441	7,574	7,792
Vanpool	7,165	8,218	9,620
<b>Total</b>	<b>40,011</b>	<b>41,414</b>	<b>43,034</b>
<b>Vehicle Hours</b>			
	2001 Actual	2002 Estimate	2003 Budget
Fixed Route	1,663	1,685	1,685
Paratransit	509	506	521
Vanpool	N/A	N/A	N/A
<b>Total</b>	<b>2,172</b>	<b>2,191</b>	<b>2,206</b>

## Trends

### Ridership (000's)

	Fixed Route	DAR/ADA	Vanpool	Total	% Change
1993	36,340	1,576	354	38,270	0.0%
1994	36,433	1,563	567	38,563	0.8%
1995	34,787	1,616	774	37,177	-3.6%
1996	34,919	1,629	966	37,514	0.9%
1997	35,159	1,583	1,117	37,859	0.9%
1998	36,544	1,607	1,130	39,281	3.8%
1999	37,365	1,585	1,223	40,173	2.3%
2000	36,024	1,548	1,081	38,653	-3.8%
2001	34,323	1,487	1,106	36,916	-4.5%
2002 Est.	31,930	1,430	1,265	34,625	-6.2%

### Cost Per Mile

	Fixed Route	DAR/ADA	Vanpool	Total	% Change
1993	\$2.47	\$1.65	\$0.26	\$2.91	0.0%
1994	\$2.64	\$1.70	\$0.34	\$2.99	2.7%
1995	\$2.70	\$1.75	\$0.33	\$3.00	0.3%
1996	\$2.74	\$1.88	\$0.25	\$2.96	-1.3%
1997	\$2.73	\$1.95	\$0.33	\$2.95	-0.3%
1998	\$2.70	\$2.11	\$0.28	\$2.93	-0.7%
1999	\$2.72	\$2.36	\$0.24	\$2.93	0.0%
2000	\$2.87	\$2.53	\$0.27	\$3.16	7.9%
2001	\$2.90	\$2.69	\$0.29	\$3.18	0.6%
2002 Est.	\$2.89	\$2.64	\$0.31	\$3.19	0.3%

### Vehicle Miles(000's)

	Fixed Route	DAR/ADA	Vanpool	Total	% Change
1993	22,827	7,181	1,722	31,730	0.0%
1994	22,402	7,371	2,350	32,123	1.2%
1995	22,519	7,965	3,579	34,064	6.0%
1996	22,907	8,007	4,711	35,625	4.6%
1997	23,692	7,813	5,277	36,782	3.2%
1998	23,932	7,932	5,995	37,859	2.9%
1999	24,495	7,468	6,857	38,820	2.5%
2000	24,437	7,326	6,534	38,297	-1.3%
2001	25,405	7,441	7,165	40,011	4.5%
2002 Est.	25,622	7,574	8,218	41,414	3.5%

### Cost Per Passenger

	Fixed Route	DAR/ADA	Vanpool	Total	% Change
1993	\$1.55	\$7.52	\$1.28	\$2.41	0.0%
1994	\$1.62	\$8.02	\$1.39	\$2.49	3.3%
1995	\$1.75	\$8.61	\$1.52	\$2.74	10.0%
1996	\$1.79	\$9.26	\$1.22	\$2.81	2.6%
1997	\$1.84	\$9.62	\$1.55	\$2.87	2.1%
1998	\$1.82	\$10.41	\$1.51	\$2.82	-1.6%
1999	\$1.78	\$11.10	\$1.36	\$2.83	0.4%
2000	\$1.94	\$11.98	\$1.65	\$3.13	10.4%
2001	\$2.14	\$13.48	\$1.85	\$3.44	9.9%
2002 Est.	\$2.39	\$14.51	\$1.67	\$3.79	10.2%

### Recovery Ratio

	Fixed Route	DAR/ADA	Vanpool	Total	% Change
1993	45.16%	35.09%	118.28%	36.41%	0.0%
1994	44.94%	33.87%	102.03%	36.33%	-0.2%
1995	43.29%	38.70%	86.85%	36.07%	-0.7%
1996	43.35%	32.56%	105.62%	36.04%	-0.1%
1997	43.85%	35.30%	84.30%	37.53%	4.1%
1998	44.57%	34.69%	98.06%	38.37%	2.2%
1999	43.55%	34.55%	105.34%	37.10%	-3.3%
2000*	43.09%	35.23%	99.47%	39.75%	7.1%
2001*	45.80%	37.27%	99.41%	40.71%	2.4%
2002 Est.*	45.34%	38.10%	116.59%	39.94%	-1.9%

### Subsidy Per Trip

	Fixed Route	DAR/ADA	Vanpool	Total	% Change
1993	\$0.85	\$4.88	(\$0.23)	\$1.53	0.0%
1994	\$0.89	\$5.30	(\$0.03)	\$1.59	3.9%
1995	\$0.99	\$5.28	\$0.20	\$1.76	10.7%
1996	\$1.02	\$6.25	(\$0.07)	\$1.80	2.3%
1997	\$1.03	\$6.23	\$0.24	\$1.79	-0.6%
1998	\$1.01	\$6.80	\$0.03	\$1.74	-2.8%
1999	\$1.01	\$7.27	(\$0.07)	\$1.78	2.3%
2000	\$1.11	\$7.76	\$0.01	\$1.89	6.2%
2001	\$1.16	\$8.46	\$0.01	\$2.04	7.9%
2002 Est.	\$1.31	\$8.99	(\$0.27)	\$2.28	11.8%

\*Recovery rate excludes ADvantage contributions

### **Fixed Facilities Owned or Operated by Pace**

#### **Pace Garages**

Pace River Division  
975 S. State, Elgin  
63,000 square feet, 1989

Pace Fox Valley Division  
400 Overland Dr., N. Aurora  
56,800 square feet, 1994

Pace Heritage Division  
9 Osgood St., Joliet  
55,000 square feet, 1985

Pace North Division  
1400 W. Tenth St., Waukegan  
57,800 square feet, 1987

Pace West Division  
3500 W. Lake St., Melrose Park  
221,570 square feet, 1986

Pace Southwest Division  
9889 Industrial Dr., Bridgeview  
81,500 square feet, 1994

Pace South Division  
2101 W. 163rd Place, Markham  
191,000 square feet, 1988

Pace Northwest Division  
900 E. Northwest Hwy.,  
Des Plaines  
82,700 square feet, 1962

City of Highland Park\*  
1150 Half Day Road,  
Highland Park

Village of Niles\*  
7104 Touhy Ave., Niles

Pace North Shore Division  
2330 Oakton St., Evanston  
81,500 square feet, 1995

Pace Administrative  
Headquarters  
550 W. Algonquin Rd.,  
Arlington Heights  
46,500 square feet

South Holland  
Acceptance Facility  
405 W. Taft Dr., South Holland  
44,700 square feet, 1984

Pace Paratransit Garage  
5007 Prime Parkway  
McHenry  
27,097 square feet, 2001

\*Municipal Garages

#### **Transportation and Transfer Centers**

Aurora Transportation Center  
Aurora

Buffalo Grove Transportation Center  
Buffalo Grove

Chicago Heights Transfer Center  
Chicago Heights

Elgin Transportation Center  
Elgin

Gurnee Mills Transfer Facility  
Gurnee Mills

Harvey Transportation Center  
Harvey

Northwest Transportation Center/Charles Zettek Facility  
Schaumburg

Prairie Stone Transportation Center  
Hoffman Estates

#### **Boarding and Turnaround Facilities**

Arlington Heights Metra

Clarendon Hills Metra

Deerfield Metra

Des Plaines Metra

Forest Park CTA Station

Highland Park Metra

Homewood Metra

Lake Cook Road Metra

North Riverside Park Turnaround

Oak Park CTA/Metra

Palatine Metra

Park Forest

Riverdale Bus Turnaround

South Suburban College (South Holland)

Summit CTA/Pace

#### **Park and Ride Facilities**

Blue Island Park-n-Ride

Bolingbrook Park-n-Ride (Old Chicago Drive)

Bolingbrook Park-n-Ride (Town Center)

Burr Ridge Park-n-Ride

Elk Grove Village Park-n-Ride

Hillside Park-n-Ride

Homewood Park-n-Ride

South Holland Park-n-Ride

### **Pace Rolling Stock Active Fleet**

#### **Fixed Route**

Manufacturer	Year	No. of Vehicles	Age	Length	Accessible
Orion I	1989	11	13	40'	No
Orion I	1990	47	12	40'	No
Orion I	1990	84	12	35'	Yes
Orion I	1990	43	12	40'	Yes
Ikarus	1992	69	10	40'	Yes
Orion I	1993	21	9	35'	Yes
Orion I	1993	85	9	40'	Yes
Chance	1995	15	7	26'	Yes
Nova	1996	22	6	40'	Yes
Eldorado	1997	56	5	29'	Yes
NABI	1999	30	3	35'	Yes
NABI	1999	22	3	40'	Yes
Chance Trolleys	2000	7	2	25'	Yes
Orion VI	2000	88	2	40'	Yes
Orion VI	2001	66	1	40'	Yes
MCI	2002	8	0	40'	Yes
Total		674			
Average Age			7.1 years		

#### **Paratransit**

Manufacturer	Year	No. of Vehicles	Age	Length	Accessible
Orion I	1989	1	13	40'	No
Orion I	1990	2	12	40'	No
Ford/Eldorado Buses	1994	8	8	23'	Yes
Chance Buses	1995	3	7	26'	Yes
Eldorado Vans	1995	8	7	19'	Yes
Eldorado Buses	1995	16	7	23'	Yes
Eldorado Vans	1996	19	6	19'	Yes
Eldorado Buses	1996	61	6	23'	Yes
Eldorado Vans	1997	2	5	19'	Yes
Eldorado Vans	2000	2	2	19'	Yes
Eldorado Vans	2001	83	1	19'	Yes
Eldorado Buses	2001	117	1	23'	Yes
Eldorado Buses	2002	34	0	23'	Yes
Total		356			
Average Age			2.8 years		

#### **Vanpool**

Manufacturer	Year	No. of Vehicles	Age	Length	Accessible
Vans	1994	2	8	Various	2
Vans	1995	2	7	Various	0
Vans	1996	19	6	Various	2
Vans	1997	55	5	Various	2
Vans	1998	87	4	Various	18
Vans	1999	24	3	Various	0
Vans	2000	150	2	Various	0
Vans	2001	77	1	Various	17
Vans	2002	99	0	Various	35
Total		515			
Average Age			2.4 years		

# Appendix C

## Fare Structure

The following tables show the Pace fare structures for fixed route, paratransit and vanpool services. There are no fare changes proposed for the 2003 Budget.

### ***Fare Structure***

	Full Fare	Current Fares	Reduced Fare
<b>REGULAR FARES</b>			
Full Fare	\$ 1.50		\$ .75
Transfer to Pace/CTA	\$ .30		\$ .15
<b>PASSES</b>			
Pace/CTA (30-Day)	\$ 75.00		\$ 35.00
Commuter Club Card (CCC)(Pace Only)	\$ 50.00		\$ 25.00
Link-Up Ticket	\$ 36.00		
Plus Bus	\$ 30.00		
Regular 10 Ride Plus Ticket	\$ 15.00		\$ 7.50
Student (Haul Pass)			\$ 25.00
Subscription Bus (Monthly)	\$ 110.00		
<b>LOCAL FARES</b>			
Full Fare	\$ 1.25		\$ .60
Transfer to Pace/CTA*	\$ .55		\$ .30
Local 10 Ride Plus Ticket	\$ 12.50		\$ 6.00
*Local transfers are free of charge			
<b>EXPRESS FARES</b>			
Premium (Routes 210, 355 and 855)	\$ 3.00		\$ 1.50
Route 835 (Zone Fares)	\$ 4.10		\$ 2.05
Premium 10 Ride Plus Ticket (210, 355 & 855)	\$ 30.00		\$ 15.00
<b>OTHER</b>			
Dial-a-Ride	\$ 1.60		\$ .80
ADA Paratransit Services/Local Fare	\$ 3.00 / 2.50		
Special Services (Non-ADA)	\$ 5.00		
Shuttle Bug Fares and Route 921	\$ .50		
Shuttle Bug Fares and Route 712	\$ .25		
Shuttle Bug Transfer to Pace/CTA	\$ 1.80		

### **Monthly VIP and Other Vanpool Services Fare Schedule**

#### **Current**

Daily Round Trip Van Miles	4 Pass*	5-6 Pass*	7-8 Pass*	9-10 Pass*	11-12 Pass*	13-14 Pass*
1-20 Miles	\$ 87	\$ 76	\$ 64	\$ 54	\$ 54	\$ 54
21-30 Miles	\$ 91	\$ 80	\$ 68	\$ 56	\$ 54	\$ 54
31-40 Miles	\$ 95	\$ 84	\$ 73	\$ 59	\$ 54	\$ 54
41-50 Miles	\$100	\$ 89	\$ 76	\$ 62	\$ 54	\$ 54
51-60 Miles	\$104	\$ 93	\$ 80	\$ 65	\$ 56	\$ 54
61-70 Miles	\$108	\$ 97	\$ 83	\$ 68	\$ 58	\$ 54
71-80 Miles	\$112	\$102	\$ 87	\$ 71	\$ 60	\$ 54
81-90 Miles	\$115	\$105	\$ 90	\$ 74	\$ 62	\$ 54
91-100 Miles	\$118	\$108	\$ 93	\$ 77	\$ 64	\$ 56
101-110 Miles	\$121	\$111	\$ 96	\$ 80	\$ 66	\$ 58
111-120 Miles	\$126	\$114	\$ 99	\$ 83	\$ 68	\$ 60
121-130 Miles	\$129	\$117	\$102	\$ 87	\$ 70	\$ 62
131-140 Miles	\$132	\$121	\$105	\$ 90	\$ 72	\$ 64
141-150 Miles	\$135	\$124	\$108	\$ 93	\$ 74	\$ 66
151-160 Miles	\$138	\$127	\$111	\$ 96	\$ 76	\$ 68

\* The van driver is excluded from this passenger/van count.

Other Vanpool Services	Monthly Fees
<b>ADVANTAGE</b>	
ADA Eligible	\$ 345
Non-ADA	\$ 690
<b>SHUTTLE/FEEDER</b>	
Private (For Profit)	\$ 800
Not-For-Profit	\$ 595
<b>MUNICIPAL PROGRAM</b>	\$ 260

Fares are based on 21 work/commute days per month (approximately 5 work/commute days per week). Fares will be adjusted to accommodate van operation which is consistently greater or fewer than 21 work days per month.

# Appendix D

## Budget Process, Basis and Debt

The RTA Act which governs Pace's existence contains specific language describing both the budget process and RTA review criteria.

### The Budget Process

By September 15, the RTA is to advise Pace and the other Service Boards (CTA and Metra) of the amounts and timing for the provision of public funding via the RTA for the coming and two following fiscal years. At the same time, the RTA is to advise Pace, CTA and Metra of their required system generated recovery ratio for the coming fiscal year. In establishing the recovery ratio requirement, the RTA is to take into consideration the historical system generated recovery ratio for the services subject to each Service Board. The RTA is not to increase the recovery ratio for a Service Board disproportionately or prejudicially to increases in the ratio for the other Service Boards.

To facilitate the RTA action by September 15, Pace and the other Service Boards submit a draft budget and financial plan to the RTA for their review in August. The August submittal is not required by law but serves to improve the budget process by allowing the RTA to consider up-to-date forecasts and projections prior to making their September 15 decision on funding levels and recovery rate requirements.

By November 15, Pace is required to submit a budget proposal to the RTA for the coming fiscal year and a financial plan for the two following years which is consistent with the recovery ratio and funding marks established by the RTA in September.

Prior to submitting a budget and financial plan to the RTA, Pace is required to prepare and publish a comprehensive budget and program document (as represented by this document) and hold at least one public hearing on the budget in each of the six counties. Due to its large size, Pace typically holds three public hearings in Cook County. A schedule of the public hearings is contained in

Appendix F of this document. Public notice of the hearings is run in several widely distributed newspapers throughout the service area. In addition, Pace is to meet with each of the six county boards to review the proposed budget and program. Above and beyond these required meetings, Pace participates in numerous meetings of local government organizations and councils such as CATS (Chicago Area Transportation Study) and various transportation committees (TMA's, business chambers) to inform the public of the proposed budget and program. Nearly 1,000 copies of this proposed budget document are printed and distributed to elected officials, local governments, transportation interests, public libraries and citizens. A copy is also available on Pace's website.

At the conclusion of these meetings and hearings, the Pace Board meets to evaluate the input gained, make recommendations for changes to the proposed budget as necessary, and then adopts a final program and budget by ordinance. This action is taken prior to the submittal of the budget and program to RTA by November 15.

### RTA Review Criteria

Once the final program and budget is submitted to the RTA, the RTA is required to evaluate it in accordance with six key criteria as established in the RTA Act.

- The budget plan must show a balance between (a) anticipated revenues from all sources including operating subsidies and (b) the costs of providing the services specified and of funding any operating deficits or encumbrances incurred in prior periods, including provision for payment when due of principal and interest on outstanding indebtedness.
- The budget and plan must show cash balances including the proceeds of any anticipated cash flow borrowing sufficient to pay with reasonable promptness all costs and expenses as incurred.
- The budget and plan must provide for a level of fares or charges and operating or administrative costs for the public transportation provided by or subject to the jurisdiction of the Service Board sufficient to allow the Service Board to meet its required system-generated recovery ratio.

- The budget and plan are based upon and employ assumptions and projections which are reasonable and prudent.
- The budget and plan must have been prepared in accordance with sound financial practices as determined by the Board.
- The budget and financial plan must meet such other financial, budgetary, or fiscal requirements that the Board may by rule or regulation establish.

If the RTA finds a Service Board budget submittal does not meet these criteria, it can withhold public funding (other than formula sales tax proceeds) from the Service Board. The RTA Act further requires that the RTA adopt a budget for the Service Board within five days of the start of the fiscal year should the Service Board fail to submit a budget which meets the criteria.

**O**nce the RTA has evaluated the budget submittals of Pace and the Service Boards, they then consolidate the information along with their own regional budget and plan information.

The consolidated regional budget must also achieve certain criteria. Chief among them is the requirement for the consolidated budget to cover 50% of its operating costs from fares and other operating revenues. This is considered the regional recovery rate requirements. The RTA also meets with each county board and holds public hearings in each county on the consolidated regional budget and plan. At the conclusion of these meetings and hearings, the RTA adopts a final budget and plan which requires the approval of nine of the RTA's thirteen directors. The RTA Act requires that the RTA is to adopt the consolidated regional budget no later than December 31 for presentation to the Governor and General Assembly.

#### Budget Amendment Process

The Pace Board may make additional appropriations, transfers between line items and other changes to its budget at any time as long as the changes do not alter the basis upon which the RTA made its balanced budget determination. Budget amendments are made from time to time by the Pace Board and are generally accomplished by revision to the annual appropriations ordinance. In the event a budget revision results in a general increase

or a significant reduction of service, the Pace Board will also conduct public hearings in the affected areas.

Budget amendments which do not impact the RTA balanced budget determination basis are provided to the RTA for information purposes. The RTA may also initiate the need for a budget amendment by Pace or another Service Board if it determines such an amendment is necessary. Generally this would only occur if a Service Board failed to achieve its budgeted recovery ratio and/or exceeded its public funding allocation, in which case the RTA can direct the Service Board to submit an amended budget within a specified time frame. Additionally, the RTA may require the Service Boards to submit amended budgets to reflect a revision to public funding or the recovery ratio as deemed necessary by the RTA. The Service Boards have thirty days from date of notice to submit a revision. There are no public hearing requirements for budget amendments which do not affect fares or services.

#### Basis of Budgeting

Pace's operating budget is prepared in a manner consistent with Pace's financial statements which are prepared on the accrual basis of accounting for a proprietary (enterprise) fund type.

Pace maintains a chart of accounts consistent with the Federal Transit Administration's Section 15 based financial reporting requirements. In general, these accounts are established by activity type (i.e., labor, materials and other) for four main expense object areas—operations, maintenance, non-vehicle maintenance and administration. Further segregation of accounts is used to identify activities by object class for individual service programs (i.e., vanpool, Dial-a-Ride, etc.).

#### Debt

Pace has no outstanding debt. Pace does not have statutory authority to independently issue debt, but may direct the RTA to issue up to \$5.0 million in working cash notes on its behalf. Pace has never exercised this option.

# Appendix E

## Glossary (Budget Terms)

**administration expense** Expense of labor, materials, and fees associated with general office functions, insurance, MIS, legal services, and customer services.

**capital budget** The appropriation of State and Federal grants for improvements to facilities and other infrastructure.

**cost per mile** Operating expense divided by vehicle miles for a particular program or in total.

**cost per passenger** Operating expense divided by ridership for a particular program or in total.

**deficit** The excess of expense over revenue.

**farebox revenue** Revenues gained from passengers and local, employer and other fare subsidies exclusive of the State Half-fare subsidy program. Also excludes interest income and advertising revenues.

**fares** The amount charged to passengers for use of various services.

**fringes (fringe benefit expense)** Pay or expense to or on behalf of employees not for performance of their work, including sick pay, vacation pay, pension contributions, life and health insurance, unemployment and workmen's compensation, social security costs and other allowances.

**full-time equivalent position (FTE)** A position (or positions) that total 2,080 hours of annual service.

**funding formula** A specific formula used to determine a subsidy level.

**labor expense** The cost of wages and salaries (including overtime) to employees for performance of their work.

**maintenance expense** Expense of labor, materials, services, and equipment used to repair and service transit vehicles and service vehicles including all fuels for vehicle propulsion.

**non-vehicle maintenance expense** Expense of labor, materials, services, and equipment used to repair and service way and structures, vehicle movement control systems, fare collection equipment, communication systems, buildings and grounds and equipment other than transit vehicles.

**operating assistance** Financial assistance for transit operations (not capital expenditures). Such aid may originate with federal, local or state governments.

**operating budget** The planning of revenues and expenses for a given period of time to maintain daily operations.

**operations expense** Expense for labor, materials, fees and rents required for operating transit vehicles and passenger stations except electric propulsion power.

**performance measure** Information collected to determine how efficient a route is operating.

**private contract services** Expense of labor, materials, and fees paid to companies or organizations providing transit service under contract to Pace. Also known as purchased transportation.

**program (noun)** Refers to groupings of expense accounts of similar activities or objects of expenditures (i.e., operations, maintenance, administration, or vanpool, dial-a-ride, as well as capital programs).

**program (verb)** To commit funds, for a given capital purpose, without necessarily appropriating these funds for expenditure. When the RTA approves Pace's capital budget, certain funds will be "programmed" so that they may be obligated (i.e., contracts signed) during the upcoming year, these funds may be expended during future years, not necessarily in the upcoming year.

**purchased transportation** Expense of labor, materials, and fees paid to companies or organizations providing transit service under contract to Pace.

**recovery ratio (recovery rate)** In total, equals system generated revenues divided by total operating expenses or can be calculated for a particular program. This ratio is calculated for each of the Service Boards and for the RTA region as a whole. The RTA Act mandates that the RTA region must attain a recovery ratio of at least 50% for a given year.

**services (purchased service)** Services performed by outside organizations for a fee. Purchased transportation is considered a purchased service.

**subsidy** Funds received from another source which are used to cover the cost of a service or program that is not self-supporting.

**system generated revenue (total operating revenue)** The total revenue generated from operations includes farebox revenues, local subsidies, state fare subsidies, advertising, interest and all other income. Excludes RTA and Federal subsidies.

**total operating expense** The sum of "vehicle operations," "vehicle maintenance," "non-vehicle maintenance," and "general administration" expense categories.

#### **Transit Service Terms**

**ADA** The Americans with Disabilities Act of 1990. Transit systems are required to offer accessible mainline services and complementary ADA paratransit services by the Act and were given until January, 1997 to achieve full compliance.

**ADA paratransit service** Non-fixed route (paratransit) service utilizing vans and small buses to provide pre-arranged trips to and from specific locations within the ADA service area to certified participants in the program.

**CTA** The Chicago Transit Authority, created by state legislation, began operations in 1947. Operates bus and Rapid Transit service in the City and several suburbs.

**Dial-a-Ride service (D-A-R)** Non-fixed route (paratransit) service utilizing vans and small buses to provide pre-arranged trips to and from specific locations within the Dial-a-Ride service area to individuals deemed eligible based on local requirements.

**express bus (or route)** A suburban or intercity bus that operates a portion of the route without stops or with a limited number of stops.

**fixed route service** Pace service provided on a regularly scheduled basis along a specific route with vehicles stopping to pick up and discharge passengers along the route.

**full size bus** A bus from 35 to 41 feet in length.

**medium size bus** A bus from 29 to 34 feet in length.

**Metra** The Commuter Rail Division of the RTA. Created in 1983 by amendment to the RTA Act to operate and oversee commuter rail operations in Northeastern Illinois.

**Pace** The Suburban Bus Division of the RTA. Created in 1983 by amendment to the RTA Act, responsible for all non-rail suburban public transit service with the exception of those services provided by CTA.

**paratransit service** A generic term used to describe non-fixed route service utilizing vans or buses to provide pre-arranged trips within the system service area.

**ridership (unlinked passenger trips)** The number of transit vehicle boardings. Each passenger counted each time that person boards a vehicle.

**rolling stock** Public transportation vehicles which, for Pace, include all buses and vans.

**service board** A reference to the region's transit operators—CTA, Metra and Pace.

**small bus** A bus 28 feet or less in length.

**subscription bus** A Pace service program which provides regular daily express bus service to 30 or more individuals with guaranteed seating that is open to the general public.

**total vehicle miles** Sum of all miles operated by passenger vehicles, including mileage when no passengers are carried.

**van** A 20-foot long or shorter vehicle, usually with an automotive-type engine and limited seating normally entered directly through side or rear doors rather than from a central aisle, used for demand response and vanpool service.

**vanpool** Pace's VIP (Vanpool Incentive Program) - a group of 5 to 15 people who commute to and from work together in a Pace-owned van.

**wheelchair accessible vehicle (accessible vehicle)** A vehicle that a person utilizing a mobility aid, such as a wheelchair, may enter either via an on-board retractable lift or ramp or directly from a station platform reached by an elevator or a ramp that is either level with the vehicle floor or can be raised to floor level.

## **Funding Terms**

**Capital Cost of Contracting** The Federal Transit Administration reimburses transit operators for capital consumed in the course of a private operated contractor service. The program is designed to encourage and support service privatization and is funded with Section 5307 urbanized area formula grant funds.

**CMAQ (Congestion Mitigation/Air Quality Grant)** A federal grant program designed to support transportation projects which reduce traffic congestion and improve air quality.

**Discretionary funds** Funds which the RTA allocates, at its discretion, to the service boards. These funds include the 15% of the RTA sales tax and PTF.

**FTA (Federal Transit Administration)** FTA provides capital assistance under Sections 5307 and 5309. Operating assistance is no longer available for urbanized areas over 200,000.

**fund balance** The excess of funding over deficit for a given period of time.

**grants** Monies received from local, Federal and State governments to provide capital or operating assistance.

**Illinois FIRST** A fund passed by the Illinois legislature for Infrastructure, Roads, Schools and Transit.

**JARC (Job Access and Reverse Commute Program)** A federal program which provides funding for the provision of transportation services designed to increase access to jobs and employment-related activities.

**Positive Budget Variance (PBV)** The amount by which a Service Board comes in favorable to available funding from RTA in a given budget year. RTA policy allows the service boards to retain these funds in an unrestricted fund balance which can be used for capital projects or one time operating expenses.

**Public Transportation Fund (PTF)** An operating subsidy from the State of Illinois equivalent to 25% of the RTA sales tax collected. RTA is required to allocate these funds to the service boards, although the basis is at their discretion. (Also known along with 15% sales tax, as discretionary funds.)

**RTA sales tax** A sales tax of 1% in Cook County and 1/4% in the collar counties of DuPage, Kane, Lake, McHenry and Will.

- 85% of the sales tax is fully distributed to the service boards by the RTA according to formulas established by the RTA Act (also known as formula funds or 85% funds).
- 15% of the sales tax is retained by the RTA and distributed to the service boards at its discretion (also known as discretionary funds).

**TEA-21 Transportation Equity Act for the 21st Century—Six year federal transportation authorization legislation.**

**unreserved fund balance** The portion of fund balance that is not already programmed into the budget and is available for appropriation.

# **Appendix F**

## **Legal Notice Pace**

Suburban Bus Division of the RTA  
Public Hearings on Pace's Proposed  
2003 Operating and Capital Program,  
2003-2005 Financial Plan for Operations, and  
2003-2007 Capital Plan

Notice is hereby given that Pace, the Suburban Bus Division of the Regional Transportation Authority, is holding public hearings on its proposed program and budget for the year 2003 (January 1, 2003 through December 31, 2003), the financial plan for 2003-2005, and the capital plan for 2003-2007. The proposed 2003 budget calls for \$1.6 million in service reductions which will be identified in the budget document.

Any person wishing to comment on the proposed budget may present views orally at the public hearings or by submitting written material on or before the last date of the hearing Saturday, October 26, 2002, or by accessing our web site at [www.pacebus.com](http://www.pacebus.com) in the "Public Hearing Comment Form" area. Copies of the proposed program and budget are available for public inspection at:

Pace  
Attention External Relations  
550 West Algonquin Road  
Arlington Heights, Illinois 60005-4412

Individuals with disabilities who plan to attend this meeting and who require certain accommodations other than transportation in order to allow them to observe and/or participate in these meetings are requested to contact Pace at 847/228-2359 (voice) or 847/364-5093 (TTY) ten days prior to the scheduled meeting.

Budget documents will be available after October 14, 2002, at most public libraries, as well as townships, city and village offices in the six-county Pace region. You can also view the document via the Internet at [www.pacebus.com](http://www.pacebus.com) by clicking on the "What's New" button and selecting the link "Pace Reference Area," followed by "Pace Annual Budget."

Public Hearing Locations, Dates and Times follow.

October 9, 2002

## **Schedule of Public Hearings**

Pace will hold public hearings on its proposed budget at the following locations and the public is invited to attend and comment.

<b>Hearing Location</b>	<b>Date</b>	<b>Time</b>
DuPage County Public Hearing Elmhurst City Hall Council Chambers 209 N. York Street Elmhurst, IL 60126	Thursday October 24, 2002	4:30 - 6:30 p.m.
McHenry County Public Hearing McHenry County College Building E - Room E 118 8900 U.S. Highway 14 Crystal Lake, IL 60039	Thursday October 24, 2002	4:30 - 6:30 p.m.
Will County Public Hearing Joliet Municipal Building East Wing Conference Room 150 W. Jefferson Street Joliet, IL 60432	Thursday October 24, 2002	4:30 - 6:30 p.m.
Kane County Public Hearing Kane County Government Center Lower Level Auditorium 719 S. Batavia Avenue Geneva, IL 60134	Friday October 25, 2002	4:30 - 6:30 p.m.
Lake County Public Hearing Lake County Courthouse 10th Floor Assembly Room 18 N. County Street Waukegan, IL 60085	Friday October 25, 2002	4:30 - 6:30 p.m.
North Cook County Public Hearing Des Plaines Civic Center 1420 Miner Street Des Plaines, IL 60016	Saturday October 26, 2002	10:00 -11:30 a.m.
South Cook County Public Hearing Markham Village Hall 16313 Kedzie Parkway Markham, IL 60426	Saturday October 26, 2002	10:00 - 11:30 a.m.
West Cook County Public Hearing Forest Park Village Hall 517 Des Plaines Avenue Forest Park, IL 60130	Saturday October 26, 2002	10:00 - 11:30 a.m.

# Appendix G

## Proposed Service Reductions

The following services have been identified for reduction in order to achieve required budget savings for 2003. Final reductions may differ from this list based on input from public hearings and further review of any additional service savings that may be available. The amount shown exceeds that which is required to balance the budget (\$1.65 million) and provides for this contingency.

Route	Description	Service	Subsidy per Rider	Annual Recovery Ratio	Net Savings
234	Wheeling-Des Plaines	Weekday	\$4.72	15%	\$443,804
234	Wheeling-DesPlaines	Saturday	\$4.49	16%	\$45,020
354	Harvey - Tinley Park	Saturday	\$5.12	16%	\$18,891
421	Wilmette Avenue	Saturday	\$4.85	14%	\$19,665
521	Aurora	Saturday	\$3.83	16%	\$51,811
524	Downer	Weekday	\$4.08	15%	\$172,810
528	Fifth Street	Saturday	\$3.94	16%	\$55,297
532	Sullivan Road	Saturday	\$4.30	15%	\$27,504
533	Sullivan Road	Weekday	\$3.87	16%	\$173,859
533	Molitor	Saturday	\$4.10	15%	\$17,058
534	Fox Valley Villages/Hwy 59	Weekday	\$5.59	12%	\$75,609
601	Wood Dale Office Corridor	Weekday	\$7.36	14%	\$82,546
636	Lake Cook Road Express	Weekday	\$7.30	11%	\$187,901
690	Arlington Heights Road	Weekday	\$6.23	12%	\$138,192
694	Central Road - Mt. Prospect Sta.	Weekday	\$6.41	22%	\$45,900
767	Congress/Douglas-Prairie	Weekday	\$5.97	13%	\$199,301
787/788	Naperville Midday	Weekday	\$5.09	13%	\$111,598
802	Aurora-St. Charles	Saturday	\$4.70	15%	\$33,469
822	Woodridge Lisle Feeder	Weekday	\$4.48	16%	\$127,990
831	Joliet-Midway	Saturday	\$5.74	15%	\$36,693
1015	Melrose Park - Sears Prairie St.	Weekday	\$5.49	37%	\$54,570
					\$2,119,487



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**550 WEST ALGONQUIN ROAD  
ARLINGTON HEIGHTS, IL 60005  
(847) 364-8130**

**[www.pacebus.com](http://www.pacebus.com)**